



DEBATES

SESSION OF 1942.

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STATE COUNCIL OF CEYLON.

Tuesday, July 28, 1942.

The Council met at 2 p.m. MR. SPEAKER [THE HON. SIR WAITIALINGAM DURAISWAMY] in the Chair.

OATHS OF ALLEGIANCE AND AFFIRMATIONS.

Mr. C. H. Collins, C.M.G. (Acting Chief Secretary) took and subscribed the Oath of Allegiance before taking his seat as a Member of the Council.

Dr. M. C. M. Kaleel (Colombo Central) made and subscribed the Affirmation before taking his seat as a Member of the Council.

Mr. H. de Z. Siriwardana (Negombo) made and subscribed the Affirmation before taking his seat as a Member of the Council.

MR. SPEAKER congratulated and welcomed the new Members.

MESSAGES FROM THE GOVERNOR.

Mr. Speaker: I have received the following six Messages from His Excellency the Governor.

I.

Kandy, 10th July, 1942.

SIR,—With reference to my letter No. C. 6/III of the 19th March, 1942, I have the honour to inform you that I have received a despatch from the Secretary of State for the Colonies intimating that His Majesty the King has been pleased to confirm the provisional appointment of Mr. G. R. Whitby to be a Nominated Member of the State Council.

2. The necessary notification under Article 14(3) of the Ceylon (State Council) Order in Council, 1931, will be published in the *Government Gazette*.

I have, &c.,
(Sgd.) A. CALDECOTT,
Governor.

The Honourable
The Speaker of the State Council,
Colombo

II.

Colombo, 14th July 1942.

SIR,—WITH reference to my letter No. C. 21/46/41 of the 26th November, 1941, stating that I had, in exercise of the powers vested in me by Article 77 of the Ceylon (State Council) Order in Council, 1931, reserved for the signification of His Majesty's pleasure the Bill intituled "An Ordinance to Supplement the Provisions of the Commissions of Inquiry Ordinance for the purposes of an inquiry to be held in pursuance

of a Special Commission issued by the Governor." I have the honour to inform you that on receipt of information from the Secretary of State for the Colonies that His Majesty the King has been pleased to give his assent to the Ordinance, I caused the necessary Proclamation to be issued on the 11th July, 1942, and to be published in a *Government Gazette Extraordinary* of the 13th July, 1942.

I have, &c.,
(Sgd.) A. CALDECOTT,
Governor.

The Honourable
The Speaker of the State Council,
Colombo

III.

Colombo, 14th July, 1942.

SIR,—WITH reference to my letter No. C. 21/24/42 of the 21st June, 1942, stating that I had, in exercise of the powers vested in me by Article 77 of the Ceylon (State Council) Order in Council, 1931, reserved for the signification of His Majesty's pleasure the Bill intituled "An Ordinance to amend the Ordinance intituled 'An Ordinance to supplement the Provisions of the Commissions of Inquiry Ordinance for the purposes of an inquiry to be held in pursuance of a Special Commission issued by the Governor,'" I have the honour to inform you that on receipt of information from the Secretary of State for the Colonies that His Majesty the King had been pleased to give his assent to the Ordinance, I caused the necessary Proclamation to be issued on the 11th July, 1942, and to be published in a *Government Gazette Extraordinary* of the 13th July, 1942.

I have, &c.,
(Sgd.) A. CALDECOTT,
Governor.

The Honourable
The Speaker of the State Council,
Colombo

IV.

Colombo, 20th July, 1942.

SIR,—WITH reference to my letter of the 24th June, 1939, stating that I had, in exercise of the powers vested in me by Article 77 of the Ceylon (State Council) Order in Council, 1931, reserved for the signification of His Majesty's pleasure the Bill intituled "An Ordinance to declare and define certain powers, privileges and immunities of the State Council and of its members; to secure freedom of speech in the State Council; to regulate admittance to the State Council Chamber; to give protection to persons employed in the publication of the reports and other papers of the State Council; and for purposes incidental to or connected with the matters aforesaid," I have the honour to inform you that on receipt of information from the Secretary of State for the Colonies that His Majesty the King had been pleased to give his assent to the Ordinance, I caused the necessary Proclamation to be issued on the 14th July, 1942, and to be published in the *Government Gazette* of the 17th July, 1942.

I have, &c.,
(Sgd.) A. CALDECOTT,
Governor.

The Honourable
The Speaker of the State Council,
Colombo

[Note.—An asterisk against the name of a Member indicates that his remarks have not been revised by him.]

V.

Colombo, 20th July, 1942.

SIR—With reference to my letter No. C. 21/23/42 of the 21st of June 1942, stating that I had, in exercise of the powers vested in me by Article 77 of the Ceylon (State Council) Order in Council, 1931, reserved for the signification of His Majesty's pleasure the Bill intituled "An Ordinance to amend the Ordinance intituled 'An Ordinance to declare and define certain powers, privileges and immunities of the State Council and of its members; to secure freedom of speech in the State Council; to regulate admittance to the State Council chamber; to give protection to persons employed in the publication of the reports and other papers of the State Council; and for purposes incidental to or connected with the matters aforesaid,'" I have the honour to inform you that on receipt of information from the Secretary of State for the Colonies that His Majesty the King had been pleased to give his assent to the Ordinance I caused the necessary Proclamation to be issued on the 14th July, 1942, and to be published in the *Government Gazette* of the 17th July, 1942.

I have, &c.,
(Sgd.) A. CALDECOTT,
Governor.

The Honourable
The Speaker of the State Council,
Colombo

VI.

Colombo, 23rd July, 1942.

SIR,—I have the honour to inform you that I have appointed Mr. C. H. Collins, Deputy Chief Secretary, to act as Chief Secretary to the Government of Ceylon, in addition to his own duties, with effect from the 24th July, 1942, until further orders.

I have, &c.,
(Sgd.) A. CALDECOTT,
Governor.

The Honourable
The Speaker of the State Council,
Colombo.

**DR. M. C. M. KALEEL:
ASSIGNMENT TO EXECUTIVE
COMMITTEE:**

Mr. Speaker: Dr. M. C. M. Kaleel, Member for Colombo Central, is allocated to the Executive Committee of Health.

**MR. H. DE Z. SIRIWARDANA:
ASSIGNMENT TO EXECUTIVE
COMMITTEE.**

Mr. Speaker: Mr. H. de Z. Siriwardana, Member for negombo, is allocated to the Executive Committee of Local Administration.

PAPERS TABLED.

(Leader of the State Council): 14 Supplementary Estimates for 1941-42.

(Minister of Agriculture and Lands): Answer to Question No. 20 of 1942.

Minister of Local Administration): By-laws made by the Weligama Urban Council under sections 166 and 170 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-law made by the Puttalam Urban Council under section 61 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-laws made by the Panadure Urban Council under sections 166 and 170 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-laws made by the Kotte Urban Council under sections 166 and 170 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-laws made by the Gampola Urban Council under sections 166 and 170 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-laws made by the Beruwala Urban Council under sections 166 and 170 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-laws made by the Batticaloa Urban Council under sections 166 and 170 of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

By-laws made by the Batticaloa Urban Council under sections 166 and 170 (13) of the Urban Councils Ordinance, No. 61 of 1939, and published in *Gazette* No. 8,965 of July 10, 1942.

(Minister of Labour, Industry and Commerce): Order No. 22, dated July 7, 1942, made by the Minister of Labour, Industry and Commerce under section 4 (7) (a) of the Food Control Ordinance (Cap. 132), and published in *Gazette Extraordinary* No. 8,964 of July 8, 1942.

(**Minister of Communications & Works**): Rule made by His Excellency the Governor under section 5 of the Telegraph Ordinance (Cap. 147), and declared to be in force from June 19, 1942. (Notification dated June 18, 1942, published in *Gazette* of June 19, 1942.)

NOTICES OF MOTIONS.

Mr. P. de S. Kularatna (Balapitiya): I give notice of the following motions:

(1) That in the opinion of this Council, a scheme should be introduced without delay to grant Old Age Pensions to Ceylonese men and women over sixty-five years of age whose income is below Rs. 150 per annum.

(2) That in the opinion of this Council, a Commission should be appointed to inquire into the provisions and working of the existing public social services of the Island, to report what, if any, alterations, extensions and developments should be made in regard to them, and to consider and make recommendations for the introduction of further public social services, such as National Health Insurance, Contributory Old Age Pensions and Unemployment Insurance, which are absolutely essential to provide for the personal welfare of the individual citizen.

I also give notice that I shall move to suspend the relevant Standing Orders to enable me to move the first motion at an early date, and the second on Wednesday, August 5, 1942.

Mr. S. Samarakkody (Narammala): I give notice of the following motion:

That in view of the apparent change of attitude of the British Government towards Russia and her political doctrines and as the British Government has given tangible proof of this change of heart by lifting the Ban on the Communist Party in India, by releasing those Communists who were detained, this Council calls upon His Excellency the Governor to take immediate steps to release unconditionally the Members of the local Communist Party (Sama Samaj Party) and also pardon those Members who have escaped from Custody.

I also give notice that I shall move to suspend the relevant Standing Orders to enable me to move this motion on Wednesday, August 5, 1942.

Dr. M. C. M. Kaleel (Colombo Central): I give notice of the following motions:

(1) That in view of the abnormal rise in the price of foodstuffs and other essential commodities, this Council is of opinion that the prices of such commodities be stabilized to the pre-war level.

(2) That in view of the unprecedented situation created by the war, this Council requests the Hon. the Minister of Local Administration to grant immediate relief to the rate payers of Colombo and other local bodies, where the sudden and abnormal drop in the rentals of house property render the grant of such relief imperative and equitable.

I also give notice that I shall move to suspend the relevant Standing Orders to enable me to move these motions at an early date.

QUESTIONS.

(ORAL ANSWERS.)

32/42.

General Clerical Service Examination:
Urban Council Clerks.

Mr. S. Abeywickrama (Udugama): Will the Hon. Minister of Local Administration be pleased to state—(a) Whether the following resolution, "That the regulations of the General Clerical Service Examination should be so amended so as to allow the employees in the Clerical Service of Urban Councils to sit for it, irrespective of age and qualification?" passed by the Beruwala Urban Council, was received by him? (b) Whether such resolutions have been passed by other Urban Councils in the Island and forwarded to the Honourable Minister? (c) If so, what action has been taken so far to implement the request made therein?

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration)**: The answer to the first question is "No".

[The Hon. Mr. Bandaranaike.]

The answer to the second question is that other Urban Councils passed similar resolutions, which they transmitted to the Commissioner of Local Government. All these resolutions were forwarded to the Deputy Chief Secretary for disposal.

In view of the answer to the second question, the third question does not rise.

***Mr. Abeywickrama:** Can the Acting Chief Secretary give an answer?

The Hon. Mr. C. H. Collins (Acting Chief Secretary): I am afraid I cannot give an answer at once. If the hon. Member will give me time till to-morrow, I will do so.

***Mr. Abeywickrama:** That will do.

(PRINTED ANSWERS)

20/42.

Inspector of Co-operative Societies, Raigam District.

(Dr. de Zoysa): Will the Hon. Minister of Agriculture and Lands please state—(1) Whether the Inspector of Co-operative Societies of Raigama District attended a meeting of the newly formed Co-operative Society at Tuttripitiya on February 18, 1942? (2) Whether it is a fact that at this meeting the said Inspector participated in a discussion and favoured the refusal of an application to admit, as a student, one H. Disiling Fernando of Haltota, on the grounds of caste feeling? (3) Whether it is a fact that the Vice-President, Secretary and Treasurer of the Co-operative Society are closely related to the said Inspector? (4) Whether it is a fact that the said Inspector is showing animus towards other communities, joining with his relations while being a public officer? (5) Whether the Minister proposes to allow this officer to continue in this station in view of his said conduct?

(Minister of Agriculture and Lands):

(1) There is no newly formed Co-operative Society at Tuttripitiya. The reference is apparently to the Haltota Mat and Textile Weavers' Co-operative Society, Ltd., which is yet under organization and which includes Tuttripitiya within its area of operations. The

Co-operative Inspector in charge of this Society inspected it on February 18, 1942.

(2) The answer is in the negative.

(3) The Vice-President, the Secretary and the Treasurer are relations of the Inspector's wife.

(4) The answer is in the negative.

(5) In view of the answers to the questions regarding the Inspector's conduct, this question does not arise.

SITTINGS OF COUNCIL.

The Hon. Sir D. B. Jayatilaka (Leader of the State Council): I beg to move,

That at the conclusion of business this week, Council do adjourn till 2 p.m. on Tuesday, August 4, 1942, and hold sittings on August 4-7 and 12-14, 1942, the sittings on August 5-6 and 12-14 commencing at 10 A.M.

Question put, and agreed to.

REORGANIZATION OF BUS SERVICES.

The debate on the following motion† of the Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration) was continued:

That the following recommendations of the Executive Committee of Local Administration for the reorganization of bus services be approved:—

(a) bus services shall not be operated along any road except under exclusive licence, subject to such conditions as may be attached to the licence, including a condition that the grantee shall compensate any persons at present operating buses under licence along the route who are displaced;

(b) if the persons at present operating buses under licence along a route shall form a limited liability company, that company shall be granted the exclusive licence for that route, provided that the grantee compensates any person operating a bus under licence along that route who does not elect to join the company and whose rights to participate in the company have not been acquired by any other person.

† For the Observations of the Minister of Local Administration and of the Financial Secretary, and the Report of the Board of Ministers, see HANSARD of July 9, 1942.

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** Before my hon. Friend the Member for Galle (Mr. H. W. Amarasuriya) proceeds with his speech, may I have the permission of the House to explain a certain point that was not sufficiently clearly explained so that it would be of assistance in carrying on the debate further?

Mr. Speaker: Does the House give permission to the Hon. Minister?

Dr. A. P. de Zoysa (Colombo South): On a point of order. The Hon. Minister has already spoken. If he has anything to explain, unless it is a personal matter, he might explain it in the course of his reply, or else he must withdraw this report.

***The Hon. Mr. Bandaranaike:** It is an explanation of a point involved in the debate which was not sufficiently explained and on which there has been, as a matter of fact, a misunderstanding. The explanation would assist the House in carrying on the debate.

Mr. Speaker: If it is a matter of explanation, the Hon. Minister is entitled to explain the point.

Dr. de Zoysa: It will be creating a bad precedent. If it is a personal explanation then, I think, it would not matter.

***Mr. B. H. Aluwihare (Matale):** A great deal of indulgence is granted to Hon. Ministers in this House, but to interrupt a debate in this way is going rather too far. The Ministers themselves raise all kinds of points of order when Members speak.

Mr. Speaker: I find that there is objection to the Hon. Minister making an explanation, so I do not think the Hon. Minister is entitled to speak now.

Mr. T. B. Jayah (Nominated Member): I think it would be better if the Hon. Minister is given a chance of making the explanation, because it might clarify the issues that have been raised.

The Hon. Mr. J. H. B. Nihill (Legal Secretary): A point of explanation really only arises when there has been some misunderstanding.

***The Hon. Mr. Bandaranaike:** There has been a misunderstanding.

The Hon. Mr. Nihill: Was it a misunderstanding which became manifest in the course of the debate? If so I think the right time for the explanation was at that time.

Mr. H. W. Amarasuriya (Galle): Before I proceed further I want to inquire from you, Sir, whether you consider this matter has been properly placed before the House, because the preamble to this report says:

"That the following recommendations of the Executive Committee of Local Administration for the reorganization of bus services be approved."

My submission to you is this, that if these are the recommendations of an Executive Committee, then the procedure is very clearly laid down under our Constitution that the question should be brought before this Council by way of a report under Article 46. On page 61 of the Ceylon Government Manual of Procedure you will find the procedure relating to presentation of reports by Executive Committees to Council and of the Governor's powers in regard to such reports laid down:

"Every decision of an Executive Committee which shall require the approval of the Council shall be embodied in a report which shall include the recommendations of the Committee and shall be presented to the Council for consideration."

The Council may accept or reject any such report or may refer it back to the Committee for further considerations. If passed by the Council the report, or such part thereof as shall have been passed, shall be submitted to the Governor by the Council for ratification."

My submission to you is that the Minister claims this proposal to be a recommendation of the Committee and it is, therefore, a decision of the Committee. If then it is a decision of the Committee, it should be presented to this House by way of a report as laid down under Article 46 of the Order in Council. Now the significance of this is that a report can be discussed and the subject-matter of the report approached in a very open and frank manner by all Members of the Council. In this particular instance, you will find that the Financial Secretary and the Board of Ministers have concurred in the recommendations contained in this report, and they seem to treat this proposal more as a Ministerial motion than anything else. I feel

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that under our Constitution, except in financial matters where the Ministers are collectively responsible, in all other matters there is no collective responsibility.

Now, these recommendations have been placed before this Council for the purpose of canvassing the views of the Members of this Council. The purport of this report is to change a policy which exists to-day in regard to the road transport of this country which is also governed and controlled by Statute—the Ordinance relating to motor transport.

I would also draw your attention to the second part of Article 46 of the Order in Council which reads:

"The Council may accept or reject any such report or may refer it back to the Committee for further consideration."

By the Hon. Minister presenting this scheme in this manner, we are denied an opportunity of amending these proposals or making counter-proposals in regard to matters contained in this report; and the second part of the Article provides that the whole or a part of the scheme or all or any of the decisions of the Executive Committee must be accepted or rejected by this Council, but may not be amended; in such an event the part of the scheme, or the scheme, or the particular recommendation that is accepted will be submitted to the Governor for ratification. It is only such part of the report or the recommendation that is accepted that will be submitted to the Governor.

My submission to you is that this recommendation, if it is a recommendation of the Executive Committee, has not been properly placed before the House and that the Hon. Minister of Local Administration should present this proposal by way of a report under Article 46.

I would like to raise this point of order, because it is a matter of some importance. In fact, I have drawn your attention to this aspect on several occasions. Perhaps for the sake of convenience the Ministers resort to this method of submitting a motion to Council, but I submit that the framers of the Constitution did not ever contemplate that matters of this nature should be presented in the form in which this proposal has been presented. It takes away the rights of hon. Members of this House, and I would appeal to you, Sir, as Speaker of

this House and guardian of the rights of the Members of this House, for guidance. If you think that this report has not been properly placed before the House, you should direct the Hon. Minister of Local Administration to present it properly by adopting the proper procedure.

***The Hon. Mr. Bandaranaike:** I want to have a ruling upon the point of order that has been raised, Sir. It is not a report. I do not know whether I am expected to speak on this point. I could not follow the rather diffused arguments—the rigmarole—of my hon. Friend, but as far as I could gather, his point is that this is not a report but a motion. He is perfectly correct in that assumption. It is not a report of the Executive Committee that I am presenting. I am bringing forward a motion of which the Executive Committee approves, and a Minister has every right to bring forward a motion, as any other Member—to bring a motion before the House for such comments; and on questions of financial implications, Observations are appended to the motion both by the Financial Secretary and the Board of Ministers.

Mr. Speaker: I cannot compel the Hon. Minister to bring in a report under Article 45 or 46 as he says that this is a motion which any Member is entitled to bring forward.

Mr. H. W. Amarasuriya: I would like to invite your attention to the wording of this motion:

"That the following recommendations of the Executive Committee of Local Administration for the reorganization of bus services be approved."

Is that the motion that is before the House or which is the motion that the Hon. Minister refers to?

***The Hon. Mr. Bandaranaike:** It is difficult sometimes to explain ordinary grammatical English. The motion is worded reasonably grammatically and the motion consists of (a) and (b); (a) and (b) are also recommendations of the Executive Committee of Local Administration.

Mr. Speaker: The hon. Member might proceed with his speech.

Mr. H. W. Amarasuriya: I raised that point of order because I wanted your

guidance in this matter. I felt that Ministers have departed from an important procedure that has been laid down.

***Mr. Aluwihare:** Have you given your ruling, Sir?

Mr. Speaker: I have already ruled that the motion is in order.

Mr. H. W. Amarasuriya: If this is considered to be a motion by you, Sir, then I suppose this motion can be altered or amendments can be moved to it?

Mr. Speaker: Certainly.

Mr. H. W. Amarasuriya: I take it that amendments can be moved to this motion. I am not prepared to move any amendment; I move that this matter be referred back to the Board of Ministers or the Minister concerned for reconsideration.

Mr. Speaker: That can be done.

Mr. H. W. Amarasuriya: When we adjourned three week's ago, I was endeavouring to point out that the extent on whose advice the Hon. Minister of Local Administration has placed this proposal before the House has really no proper status under our Constitution.

Mr. Nelson, the expert, came out for a different purpose altogether. He, I believe, was got out from Malaya because he had experience of reorganizing the motor transport system in that country, and nobody doubts his capabilities and capacity for such work. But, Sir, the terms of reference, and the terms on which this officer was got out were:

"To make such inquiry as may be necessary with regard to the transport system of the Island and make a report on the subject with particular reference to—

(A) the extent to which effect has been given to the recommendations of the Hammond Commission as regards—

- (a) the Railway,
- (b) road transport,
- (c) co-ordination of road and rail transport.

(B) (a) the causes of the continuing and increasing losses of the Railway,

- (b) the steps which should be taken to remedy this by way of further co-ordination of road and rail transport or by any other method calculated to secure the most convenient and economic method of travel and transport having due regard to the

interests of the public utilizing the transport services and the financial interests of the country."

Mr. Nelson was imported into this country for these purposes and, I believe, the Minister of Communications and Works who moved the motion in Council for a money vote for the purpose of importing this officer gave us these as the reasons why it had become necessary to import such an officer.

A March Resolution was introduced in this Council for the purpose of getting out Mr. Nelson. That is my recollection; I think I am right. The conditions of service of Mr. Nelson were laid down in that resolution and there can be no misapprehension in regard to the matter. I have no particular grouse against Mr. Nelson, but I am only trying to point out that the principles underlying that resolution have been violated and that Mr. Nelson's appointment has taken on a new shape which was never contemplated by this Council which approved the importation of this officer.

Sir, if Mr. Nelson's conditions of service had to be altered, my submission is that it was the duty of the Minister concerned or the Board of Ministers to come before this Council and obtain the approval of this House for any alteration in the conditions of service. He was definitely got out here as an expert, but now we find that he has been appointed as a Head of Department and designated "Director of Transport". I am not at the moment saying that a Director of Transport is not necessary for this country. If a Director of Transport was really necessary, it was the duty of the Ministers to come to this Council and make out a case for the appointment of Mr. Nelson as Director of Transport. Have they done anything of the kind? They have not. Even up to this moment they have not obtained the approval of this Council for the appointment of Mr. Nelson as Director of Transport.

That is my second objection. The procedure that has been adopted in this case is wrong. I have not yet come to the merits of the motion; I am only pointing out that to my mind the whole procedure is irregular. They have not paid due regard to the procedure that is

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laid down in the Constitution or to any procedure that is normally followed in this Council. They have kicked aside all rules of procedure. I think a new practice which is a privilege of the Ministers is to disregard procedure and have their own way in matters of grave importance to this country.

With regard to the merits of the motion, I do not think I shall labour the point very long because the hon. Member for Colombo South (Dr. de Zoysa) who dealt with this matter mentioned all the possible aspects of this matter, and he took, I believe, over two hours to put forward all possible arguments.

But I would just like to add one or two arguments to strengthen his case for opposing this motion. He has drawn your attention to the Observations of the Minister. The first observation is:

"It is essential (for defence purposes) that in the event of an emergency the Government should be in a position to direct the use to which these buses shall be put."

It is clear from that very significant observation of the Minister that this recommendation has not been made with altruistic motives, or with the idea of improving the road services of this country, or to bestow greater benefits on those who are running motor vehicles, but as a War measure, as a Defence measure. Now, if this proposal was considered necessary as a Defence measure, then the Hon. Minister or His Excellency the Governor should have gone ahead with a straightforward proposal and acted under the Defence Regulations and made this scheme applicable only for the duration of the war. But the difference lies here. If these proposals are accepted by this Council, they would not be applicable for the period of the war.

***The Hon. Mr. Bandaranaike:** Oh, yes.

Mr. H. W. Amarasuriya: Where is it stated that these proposals will be applicable only during the war? That is not stated anywhere. Perhaps the idea exists in the fertile brain of the Hon. Minister. We do not possess any divine powers to find out what is in the mind of the Hon. Minister. What he has to say, he must put down in black and white.

***The Hon. Mr. Bandaranaike:** I am glad to receive this tribute to my fertility.

Mr. H. W. Amarasuriya: This scheme is not meant only for the duration of the war. If it is to be operative only during the war, then it would be a qualified recommendation. It is not a qualified recommendation, but an unqualified recommendation. It is going to be a permanent feature of the transport system of this country.

Now, the proposal is that 759 bus-owners who own these buses, numbering 1,200, should form themselves into small companies. The Hon. Minister in his Observations further states that on an average one of these bus-owners owns less than two vehicles. I believe, there are nearly 450 bus routes in this country. That means, if a company is to be floated for each bus route, there will be at least 450 companies. Unless these routes are going to be amalgamated and there is going to be further redistribution of routes, about 450 new companies will have to be floated. Those who have had any experience of the floating of companies know that there are many difficulties in forming these companies, and a concern run by a company is naturally more costly than one run by an individual. If the bus-owners form themselves into companies, there will have to be Directors appointed, and the shareholders will have to pay the Directors' fees, overhead charges and various other expenses which would make the bus business more expensive to the users of the buses than at present.

There is another important matter where the State comes into this question, and that is, any roadworthy bus that is not required by the company may be acquired by the Government. In this matter I should like to join issue with the Hon. the Financial Secretary when he says."

"The proposed amalgamation of bus services is not likely to result in any appreciable decrease in revenue."

It would certainly have this effect, namely, that the Government of this country will have to buy these buses and put them out of the road, and I suppose they will have to be turned into scrap iron and put on the scrap heap. The

financial implications of that proposal have not been explained. The Financial Secretary does not even think it necessary to make even a guess as to the cost of acquiring these buses. That being so the full financial implications of the proposal are not before the House. We are absolutely in the dark in the matter. We do not know how much this scheme will ultimately cost the Government, if the Government has to acquire some of these buses and take them off the road. That is a matter that the Hon. the Financial Secretary should seriously consider, and I say that it is his duty to explain the full financial implications of such a proposal.

Then, there are other matters in regard to the formation of these companies that have to be considered. At the present moment the majority of the buses that ply on the road have been purchased on what is called the hire-purchase system, and there may be a very large number of buses, the liabilities of which have not been fully liquidated by the owners of the buses. I think it is the normal practice with bus-owners to pay for these buses in monthly instalments. Now, is the company taking over the liability of paying these monthly instalments?

***The Hon. Lieut.-Colonel J. L. Kotawala (Minister of Communications & Works) :** Oh, yes.

Mr. H. W. Amarasuriya : I hear the voice of the "Controller" of the Railway. He seems to think that these companies will take over these liabilities. If the companies are going to take over these liabilities, I would ask my Hon. Friend who is going to find new capital for these companies? Is the Government going to provide them with the capital? How are these people going to pay the monthly instalments due on buses, with all the difficulties of taking over the buses and running them efficiently on the road? I think at the present moment there are a large number of buses which might very well be put under the category of unroadworthy buses. They will have to be thoroughly overhauled and brought to the required standard of buses operated by a company. All that means new money, new capital. What about all the repairs bills of these bus-

owners? We know that these bus-owners are not rich men like the Hon. Minister of Communications and Works. They are humble, poor men who lead a hand-to-mouth existence. Therefore they would find it very difficult to meet all these commitments. The repairs bills also will have to be paid by the companies.

With regard to the purchase of buses by these companies, the owners of these buses can either become members of the companies and take shares to the value of their buses or they can keep out of the companies and obtain compensation. Compensation for the buses taken over will have to be paid by the companies. How will the companies find the extra capital for the purchase of these buses and the goodwill of the present owners? All this would require new capital.

I would like to inquire from the Hon. Minister whether under this scheme he contemplates advancing money to these companies to put them on a sound footing. Otherwise, it will be very difficult for these companies to operate, and in a very short time the whole business will be paralysed. Then the interests of the companies will have to be sold and the companies will go into liquidation; and if that happens their assets will be sold and their shares will come into the open market to be purchased by people with vested interests who can command the money. A time will come when the interests of these bus-owners will pass into the hands of others who will eventually control the entire business of running buses.

Those are some of the difficulties which I visualize will result from the formation of companies. There are some good features in a company, but when you take into account the evil effects of the proposed scheme you will find that they out-weigh the advantages, and the proposal of the Minister of Local Administration requires very careful consideration, and his views on the matter will have to be revised to a considerable extent.

In the final paragraph of the Observations of the Minister of Local Administration we are told that there is no intention of stifling bus services in the interests of the Government Railway.

[Mr. H. W. Amarasuriya.]

That may be a very good and noble sentiment, but what will be the practical effect of these proposals? If you force these people to form themselves into companies, the result will be that road transport will certainly be stifled to a great extent, and it would be to the benefit of the Railway.

The Minister of Local Administration proceeds to state:

"The public interest is paramount and the prosperity of the country depends upon the provision of efficient transport systems both by road and by rail."

That too is a very noble sentiment. We agree that the public interest is paramount, but I think the public are entitled to demand that transport facilities be provided at a reasonable cost. The working expenses of the proposed companies would certainly be much greater than those of the present individual owners, and that would result in an increase in the fares. In a country like Ceylon it is of paramount importance to have cheap methods of transport, as these buses are used by the poorest of the poor in this country. Every cent they can save on transport would help them to meet the present increased cost of travelling.

My greatest objection to the whole scheme is that it is not a voluntary scheme. The Minister of Local Administration is not making an appeal to the owners of buses, but he wants to force the scheme on them. It is a most undemocratic attitude on the part of the Minister of Local Administration to force this measure on the bus owners. The Minister of Local Administration is the last person from whom I expected this attitude in a matter which concerns the poorest of the poor. Perhaps he is moving with the times. To-day the peace of the world has been shattered by the dictatorial attitude of certain people; Hitlerism seems to be the order of the day. The Minister of Local Administration is emulating Hitler in this matter. He wants to be a Hitler of Transport and force these proposals down the throat of these bus-owners who do not wish to adopt this scheme. [Interruption]: I would not have been surprised if a proposal of this nature had been brought up by the Minister of Communications and Works, but the Minister of Local

Administration, perhaps prompted by the existing circumstances, and because of the urgency of the matter, is showing himself in the role of Hitler and wants to force this measure on the owners of buses.

I would ask the House to consider the matter very carefully, especially as it is proposed to force this measure on the bus-owners. We who stand for democratic principles, as lovers of liberty should not tolerate such an attitude on the part of even the Minister of Local Administration. I would ask hon. Members not to accept this proposal, and I would ask that the matter be reconsidered by the Board of Ministers.

If it is felt that these buses are necessary for the successful prosecution of the war, and for the defence of the country, the only solution lies in a straightforward proposal that the required number of buses should be commandeered and requisitioned. If that were done, I do not think any Member of this House would have any grouse; the bus-owners themselves would not have any grouse. They would have no complaints to make, because they would be paid the actual value of their buses.

But no such proposal has been put forward. If out of the 1,200 buses in the Island, 500 buses are required for Defence purposes, that number can be requisitioned at a moment's notice. The only solution to my mind is for the Director of Transport, or the Minister of Local Administration, to buy up these buses, and after the war we can organize a national transport system. If the buses are found to be good enough at that time to be put on the road, companies can be formed, in which the Government would have some interest. Fifty per cent. of the shares of the company can be owned by Government; the remaining 50 per cent. can be sold to the public. Both the Government and the public would then have an interest in the company.

I think the alternative of commandeering or requisitioning the buses is better than the proposal of the Board of Ministers, and I would therefore propose the reference back of these recommendations. I would like the Ministers to consider the question of acquiring the number of

buses required for the defence of the Island. That seems to be of some urgency, and if the emergency warranted that the Minister of Local Administration or the Director of Transport should have control over a certain number of buses, they should purchase those buses, instead of forcing these people to form companies and thereby creating very grave difficulties for them. This proposal will result in a very chaotic state of affairs, and that should be avoided.

I would move the reference back of these recommendations for reconsideration by the Ministers.

***Mr. Aluwihare:** Granting for the moment that the idea of amalgamation is a good one in certain circumstances, what worries me at the outset is the way in which this motion has been brought before the House. I think you ruled, Sir, that the Hon. Minister has brought this up in his personal capacity. If a Minister chooses to divest himself of his official capacity and bring up a motion in his personal capacity, then this proposal should be treated as a Private Member's motion. Otherwise I do feel that the province of the Executive Committees and this Council is being usurped by Members under the guise of being Ministers or Chairmen of Executive Committees. If the Ministers want to divest themselves of the character of being Chairmen of Executive Committees, the procedure is very simple; they need only place their resignations before the Executive Committees and ask them to appoint others as Chairmen.

How a Minister can, as Chairman of an Executive Committee, divest himself of that character and bring a motion in this House as a Private Member, and yet claim the privileges of his official capacity, is quite beyond me, and I cannot help feeling that it is a breach of one of the fundamental rules of this House. Anyway, you ruled against us, and I suppose we have to "lump" it.

The trouble with the motion itself is that it seems to assume powers which need, in the first place, legislative sanction. What worries me about this motion, in the second place, is how it is to be given effect to.

I would invite your attention to paragraph 6 of the Observations of the Minis-

ter in which he says that it is proposed to encourage the "singleton" buses to amalgamate into companies, and he says that most of them will consent to do so. Then how is the Minister to get over the men who refuse to amalgamate? He will issue an exclusive licence to some other man to operate on that route, and that will in effect prevent the other man from running his bus on that particular route. By virtue of what legislative power is he going to do that? Is there any power in the Motor Car Ordinance given to the Minister to be used for this purpose and in this way? Will it not be an abuse of the powers vested in the Minister by this Council?

That is one of the points which I think the House must concentrate upon. Is the Minister going to be allowed to use legislative powers vested in him for one purpose for a totally different purpose, merely on a paragraph in the Observations appended to a resolution brought up in this House? Will not the arrogation of such power be *ultra vires* in the most elementary sense of the term?

Now, how is this power to be used, and for what purpose? It is true that in these times the small man, the small shopkeeper, the small trader, is pushed out by the big combine, the company and the trust. It is, I suppose, one of the features of life all over the world after the last war. But that tendency also means a certain kind of utter callousness to the individual. I want hon. Members to direct their attention to that aspect of it. Does not this motion mean that the individual, whether he likes it or not, is merely going to be kicked aside because of his lack of means to last?

The reason why I say that is this. Suppose this company, in the best of circumstances, is formed. We know that there are a good many "singleton" bus-owners who live on the earnings of their buses from day to day. This company is formed. We do not know what the terms of association are. We do not know when payments are to be made. Now, the man who lives on the earnings of his bus from day to day is to be shoved into a company and is to be asked to wait either for a quarterly, or half-yearly, or an annual dividend—[Interruption]—if there is any, says the

[Mr. Aluwihare.]

hon. Member for Trincomalee (Mr. Tambimuttu). Does not that strike you as funny, Sir? Have you not got anywhere in your constituency "singleton" bus-owners whom you can think of, waiting, crying, praying for this dividend three months hence? It is bad enough for us to have to wait for our salaries which are paid every month—we would almost like a daily wage—but think of the "singleton" bus-owner, having been forced to give up his ramshackle bus to this company, without employment, waiting for this marvellous dividend three months, six months, a year hence—a dividend that may never come.

Sir, until the first dividend is paid, what is his share in this company going to be worth? Who is going to buy his shares at any kind of price until we know that the company is sound, until we know that the company pays a dividend? And what kind of finance is this company to be based on?

Let us take the statement of the Hon. Minister himself. How is the capital value of the company to be assessed? These buses are to be taken over.

"The capital to be allotted to each owner will be based on the earning capacity of his vehicle, so that after allowing for any difference in seating capacity all owners will receive the same allotment in respect of each of their buses, whether the bus be old or new."

You are going to value the new bus carrying twenty passengers on a par with a very old bus carrying twenty passengers, and you are not going to expect that the capital of your company will be inflated to an infinite degree. Yet that is what is going to happen.

Mind you, that is the first item. You will be inflating the value of your old bus and the value of your new bus, because when you value a bus, the man who has bought a bus this year is bound to want the price for his seating accommodation, not the price of a day, but a price calculated over the life of the bus. Having done that, you are going to pay that same price for the bus that is five years old. Is it not conceivable that in those circumstances the value of some buses is going to be inflated and therefore the capital of the company is going to be an inflated capital? Surely, then

the very basis of your company is a false basis.

What else are you going to do? So far as I can understand, you are also going to pay these men for their goodwill. How is this to be calculated? There again, having put a false value, an inflated value on the bus, you are going to increase that value by another item, that of goodwill. You are going to take the 1815 bus along with the 1915 bus and the 1940 bus. I presume that repair shops, and spare parts will all have to be bought to recondition these buses, or you will lose the value of them if you decide to scrap them. I suppose like the Kandyan Treaty the 1815 bus will be discarded if you do not want to pay the money. But nevertheless, the point is that you start there with a tremendous inflation of capital.

What is going to be the result? The result is surely that you will have your shareholders being burdened with an enormous excess of capital on which interest will have to be paid, interest at least in the form of dividend. When you have that position, how much is the individual bus-owner, the "singleton" going to receive as his share of these earnings? Mind you, how much will he receive so that he will be able to live?

That is one side of the picture. Then we are told, "Well, all these things can be discussed, all these things will be adjusted because it will be a company; it will not be the Government that will be running it; it will be a company of bus-owners. Every man will have a voice in matters." Let us look at it on that basis. Let us take the B. M. R. Bus Company, and X with a "singleton" bus. Well, the man with about twenty buses gets into a company and is given shares on the basis of owing twenty buses, and the "singleton" bus-owner goes to that company meeting. What chance has he? You are binding him hand and foot and delivering him to the owner of the twenty buses. What safeguard have you in this motion? What condition are you imposing, what condition have you told us of that is going to safeguard the interests of that single man?

Sir, so far as I can see, there is not a word in this motion about the controlling

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of the company. Indeed if the company is formed it is clear that you cannot have Government control. Therefore, so far as I can see, the whole idea of the company does not seem to be worked out in all its details. We are asked to consent to a scheme which may end in the expropriation of a large number of small bus-owners for the most part without any guarantee of the compensation they are going to receive, the amount of earnings they will get for being forced to give up their only source of livelihood, without being told how much control will be guaranteed to them in this concern. It seems to me to be a scheme that merely wipes out the small man. If that is the intention of the Hon. Minister, I do not see how it can be better accomplished than by the scheme in this motion.

There is only one other point I want to deal with, and it is this. The Hon. Minister said at one stage of the debate, in an "aside," that this scheme was to operate only for the duration of the war. I think I am correct. The Hon. Minister will contradict me—

***The Hon. Mr. Bandaranaike:** If I may explain, when the question was asked whether this could be a scheme for the duration of the war, what I intended to say was that there was nothing to prevent that happening and the whole position being reconsidered at any stage that the House wanted, after the war or at any point of time that it wanted. It is quite open to the House to do so. There is the further point that if any legislation is needed by way of Defence Regulations to give effect to this measure, the House knows that the Defence Regulations cease to be in operation at the conclusion of the war.

***Mr. Aluwihare:** Then, in the first place, this scheme is to be given effect to by Defence Regulations?

***The Hon. Mr. Bandaranaike:** No; I said if it were by Defence Regulations.

***Mr. Aluwihare:** I would ask hon. Members of this House to take very good care that this proposal will not be given effect to by Defence Regulations, because it is essential that, even if it goes through, all these terms and conditions of amalgamation should come before this

House, because Members of this House, fortunately or unfortunately, are the people who are most closely in touch with the conditions in which these bus-owners work. I would beg of the House not to allow the Hon. Minister to enforce any part of the scheme by means of the Defence Regulations.

Then, if the Hon. Minister is prepared to accept a condition that this measure should only be for the duration of the war, what provision is there in this proposal for such a contingency? Let us think of this. A, B, C and D form a company. A, B, and C are compelled to go into the company whilst D is not. What would happen when at the end of the war A, B and C decide to get out? On what condition are they to be able to get out? How is their capital guaranteed? Supposing you compel them to join the company, and supposing at the end of the war the company is bankrupt, are you going to tell them, at the end of the war, "It is true that we compelled you to join that company, and now we give you freedom to get out of it as the company has nothing to give you"? What is the guarantee that is given to the people who are asked to join the companies?

The Hon. Minister has said that the scheme he proposes is essential for Defence purposes, that in the event of an emergency Government should be in a position to direct the use to which the buses should be put. My submission is, if that is the main purpose of the Minister, it is much better at a time such as the present, when actually neither the Minister nor anybody else, because of the pressure of other affairs, because of the extraordinary results produced by the present situation—[*Interruption*—]—is it not much better that the scheme should be restricted to that one purpose? Why do you want to enlarge this measure into a scheme of appropriation of private property, in a sense—the amalgamation of private property at an abnormal time? Why do you not wait for normal times to put this scheme into effect? All that you want to meet the present emergency, I am sure, you can get either by regulation or by consent of the parties, and I would beg of the Hon. Minister to confine himself to that one point.

[Mr. Aluwihare.]

After all, I presume, he has found it possible to organize lorry traffic for war purposes in such a way as to obviate a measure of this kind being applied to lorries. Why is it necessary for him to bring in a motion only in regard to passenger traffic? I must confess, I cannot understand this hurry.

In support of his motion, the Hon. Minister quotes the Hammond Commission Report. I want the Minister to take the passage in its context. The Hammond Commission Report recommends that the condition of traffic would be such that at a certain point of time there would be an impetus to voluntary amalgamation, and that steps should be taken to encourage that voluntary amalgamation—not that you should bring in a scheme of appropriation, not that you should kick the “singleton” bus-owners into the fold of people who own 20 buses and make them lose all their identity and all their power to govern their earnings.

In those circumstances, I regret that I must oppose this motion.

Mr. G. A. H. Wille (Nominated Member): Sir, in the interests of the solution of this very important question, I should like to recommend to this House an amendment of the motion. I appreciate very much the merits of the proposal before the House. The only unfortunate feature about it is that it has antagonized a very large number of the population consisting of bus-owners who have certainly rendered an essential service to the community for many years.

I am not bringing forward this amendment in the interests of the bus-owners, because it will be remembered that when I spoke on the Motor Car Ordinance—

***The Hon. Mr. Bandaranaike:** There is no amendment before the House, in the first instance, although the hon. Member is referring to it.

Mr. Wille: I move that clause (b) of the motion be amended by the insertion, after the word “company”, wherever it occurs in the clause, of the words “or partnership”.

***The Hon. Mr. Bandaranaike:** If my hon. Friend will permit me—if that is

the matter that is going to form part of the amendment, he should consider, after my reply, whether he wishes to proceed with it. That was one of the matters that I made an effort to explain when the debate on the motion was continued this afternoon.

Mr. Wille: The motion definitely makes it imperative for bus-owners to form companies, which is very different from saying that they should form companies or partnerships.

***The Hon. Mr. Bandaranaike:** If they form partnerships, they will be given priority.

Mr. H. W. Amarasinghe: There are very many “ifs” and “buts” in this motion.

***The Hon. Mr. Bandaranaike:** They are rather difficult words in the English language to grasp the full meaning of.

Mr. Wille: Clause (b) says:

“if the persons at present operating buses under licence along a route shall form a limited liability company, that company shall be granted the exclusive licence for that route.”

I want to give bus-owners the option of forming partnerships. Much of the opposition to this, in a sense, very valuable scheme, is due to the fact that bus-owners are a class of men who cannot appreciate the very advanced form of commercial association proposed. As we know, a man who has an interest in a company possesses, what is called, a share: but to the ordinary man that is almost something metaphysical, there is nothing corporeal about it. I think if these men are allowed to form partnerships, then they will be able more directly to control the working of the partnership, to feel a sense of proprietorship far more closely than by possessing merely a bit of paper, scrip for shares.

***Mr. R. Sri Pathmanathan (Mannar-Mullaitivu):** Partnership is out of date.

Mr. Wille: My hon. Friend says that a partnership is now out of date. I am afraid that he is going a little too fast. This scheme would not have met the opposition it did if such a provision as I suggest had been made. I admit the merits of the company system—it is ideal—but you cannot get men of the standing

of bus-owners to appreciate those merits very readily. We need not, however, discuss that academic question. My amendment will not prevent the Minister from attaining the objects he has in view. I am not interfering with the essential features of his scheme. A licence will still be granted exclusively to a partnership, so that the element of unhealthy competition will be cut out.

The Hon. Minister says that another object of his scheme is to have control of buses that are owned by certain legal owners. That can easily be effected by partnership. As we know, in our law, it is provided, for instance, that a summons can be served on the manager or chief officer of a partnership, and it can be made a condition of the licence that somebody should be appointed to represent the partnership *vis-a-vis* the Government. So that, there can be no objection at all to allowing partnerships to be formed from the point of view of the object of this scheme.

It may be said that certain owners may not enter into partnership. I might here mention that partnership in law is limited to 20 persons; not more than that number of persons can form a partnership. If there is no room for a certain man, or if he finds the terms of partnership not very agreeable to him, he may fall out—just as it is provided, in this scheme, in the case of companies, that if a man does not want to take shares, he may fall out and take payment as compensation for his shares.

I do not think it can be urged that a partnership is more likely to come to grief than a company. Even the Minister envisages the possibility of companies being unsuccessful, because he says in the concluding sentence of paragraph 5 that—

“The bus business is a remunerative one and under monopoly conditions a bus company can hardly fail to make a success of its undertaking, unless it is grossly mismanaged.”

So that, there is a chance of mismanagement, whether it is a company or partnership. In the case of a company, there will be a Managing Director, and there will be a Secretary, with whom all correspondence will be carried on. The same conditions will apply to a partnership; and there is no reason why bus-

owners who want to form a partnership should not be allowed to do so. There is one merit of this amendment of mine which does not belong to the original motion. The Minister says:

“It is considered desirable that this reduction in the number of owners should be effected in such a way as to give the present bus-owners the opportunity to remain in the industry and to preserve their means of livelihood.”

I think that can be done more effectively through a partnership than by owning shares in a company.

I wish also to point out that even the Hammond Commission did not go so far as to contemplate the imposition of companies on bus-owners, in order to produce a better state of things. In the passage which is quoted in this motion, in the Observations appended to it, it is said

“that one of the results of control will be to hasten the merging of the comparatively small undertakings of to-day into larger concerns and we consider that this will be in the interests of the public and should be encouraged. The bigger firm has or should have greater financial stability and so can make adequate allowance for depreciation and reserves.”

All that applies to partnerships as much as to companies, and there can therefore be no objection to partnerships if the allowance of that will solve the difficulty created by the antagonism of the bus-owners.

As I said in connexion with the Motor Car Ordinance, I do not think that the bus-owning business was intended for the poor man; but, at the same time, since the last Ordinance was passed, a good many bus-owners have put their houses, to some extent, in order. There is reason therefore why some consideration should be shown them.

The Minister said that a large number of companies have already been formed. If that is so, so much the better. But there is no reason why those who do not wish to take to this advanced form of association should not be allowed to form partnerships.

There was the suggestion made that this scheme was intended to help the Railway. I do not think I can endorse that. This scheme can stand on its own merits, even modified in the way I suggest. One real defect of the scheme is that it does not contain sufficient details. Bus-owners have complained that they

[Mr. Wille.]

have not been told of the number of routes that are going to be prescribed. If they are given that information, they will be able to find out what number of buses are required for a particular route and how many co-owners, so to speak, have to associate themselves in working a certain route.

Objection was also raised to this scheme on the ground that it should come as a Defence measure. I do not think that that is quite correct, because we all along felt that this merger of bus ownership in larger combinations was a thing much to be desired under ordinary conditions. Of course the present war situation has made that a greater necessity than ever before.

The hon. Member for Matale (Mr. Aluwihare) also said that it would be *ultra vires* of the present Ordinance for the Hon. Minister of Local Administration to enforce this proposal on us. I do not think the Hon. Minister will be so daring as to attempt any such thing before bringing forward another Ordinance amending the present Ordinance. So that whatever he does will have to be after he has obtained the legal authority of this House.

I trust that nobody will vote for this measure under the illusion that it is going to be only for the duration. It is unthinkable that after companies are formed and after partnerships are formed they can go into dissolution because the war is over. Those who do not wish to remain in company or partnership at the end of the war will have to sell out their shares and their interests. That seems to me almost a self-evident proposition.

The only feature I do not like in this scheme is its coercion without any option being given of an alternative measure being adopted. If the Hon. Minister will accept my amendment and allow licences to be granted to those who will form partnerships, I shall certainly vote for the proposal.

Mr. T. B. Jayah (Nominated Member) seconded.

Mr. R. C. Kannangara (Morawaka): I do not like to give a silent vote on the motion before the House, because several of these bus-owners made an appeal to

me; they came and put their views before me, and asked me to use my vote in the event of my being convinced that this motion is going to affect them beneficially. I promised to keep an open mind with regard to the motion before the House, and I told them that I had some definite views already formed. I also told them that I was quite prepared to fall in with the arguments against the motion and to oppose it if there was any danger of their being adversely affected at some time or other by the acceptance of this motion. I did so because I felt that we, in this country, should be grateful to bus-owners. It is owing to their efforts that the rural areas have been developed; they have helped the rural agriculturists to bring their produce to the various markets at convenient times and given them every facility to develop their agricultural industries.

I have listened to the speeches of the hon. Member for Colombo South (Dr. de Zoysa), the hon. Member for Galle (Mr. H. W. Amarasinghe), and the hon. Member for Matale (Mr. Aluwihare) who are opposed to this motion. I must confess that I have not been convinced by them that this motion is not in the interests of the bus-owners. Their contention is that if we accept this motion we will be suppressing individual bus-owners and giving a monopoly to certain companies. I for one would like to tell these hon. Members that individual bus-owners have had to go through a great deal of difficulties and competition before the war. I must say that the new Motor Car Ordinance helped these people to a certain extent. Even then, to say that there was no competition before the war is not true. There is no competition now, not because of the Motor Car Ordinance or because of the Commissioner of Motor Cars being able to stop unhealthy competition, but because there is no necessity for competition; every bus gets the requisite number of passengers and very many more. Sometimes you will find people travelling on the hoods of buses and also on the footboards. There is no reason for there being any competition at the present moment.

Another argument is that by the formation of limited liability companies the Directors will have to be paid and the Managers will have to be paid; that the

earnings of buses would be absorbed by these people and that there would be no dividends. I say that that is not quite true. As you are aware, the people of this country are not very fond of limited liability companies. Their whole view of life is individualistic; they want to be individual proprietors of estates, individual proprietors of commercial concerns; they have no idea of co-operation, of limited liability companies. That is why the Europeans and the Indians were able to come here and open large acres of land and carry on commercial concerns without any difficulty. They are all limited liability companies. How many of them, I ask, have gone bankrupt and insolvent? None. But individual Ceylonese proprietors have gone insolvent by the hundreds.

After all, how much are the Directors paid? These people are concerned about the fees. In large companies, where the monthly turn-over of business is Rs. 25,000 or Rs. 30,000, the Directors would not get anything more than Rs. 2,000 a year. If there are 4 Directors they will get about Rs. 500 a month. The Directors lay down the policy, and these people are elected Directors because they hold the largest number of shares in the concern.

The large bus-owners could become the Directors of these companies that are going to be formed. I have already asked the Hon. Minister of Local Administration as to what is going to happen with regard to the smaller people. The Hon. Minister said that the small bus-owners who wish to join the companies can do so. Their buses will be valued and something will be given for their goodwill. If they wish to put both the value of the bus and goodwill into the company, they can do so and be shareholders as well as servants of the company; they can become drivers or inspectors or mechanics. There are so many ways of giving these people opportunities to earn their livelihood until dividends are declared.

What is the difficulty in declaring dividends with regard to the bus service? As far as I can see there is no difficulty. This is not like the lorry service. The lorry services are run on credit terms, but the bus services are run on cash terms, because every passenger who gets

into a bus has to pay the fare as soon as he gets in. By evening the owners have the total collection in hand.

Suppose a company called the Colombo-Matara Bus Company is formed into a limited liability company with about 100 buses. Leaving 20 buses for casualties, there would be 80 buses working daily. These 80 buses would bring in a minimum of Rs. 25 a day easily; that is, ready cash Rs. 2,000 brought in every evening.

I am sure the largest bus-owners who will be Directors of the companies will take the same interest as they are taking now. I was told that owners who owned about 80 buses used to get up at 3 o'clock in the morning and start business. The argument was adduced that when limited liability companies were formed and these owners became Directors they would come to work at 9 o'clock. Although a company becomes a limited liability company, the owner's interests are still the same. If he looks after the interests of the company he will get better dividends because he is the largest shareholder in that company. If the man gets up at 3 o'clock in the morning and works hard, he will be able to become the Managing Director; if he devotes his whole time to the company, he will be paid a salary as well.

As Directors, these people will lay down the policy; they will attend meetings held once in three months or so, and they will be paid a fee to cover travelling. There is no necessity for them to come down once a month.

People who have not formed partnerships, or who have no idea of business, or who have not observed the working of limited liability companies fear this type of business. As far as I can see, the only fear at the back of their minds is accounting. Limited liability companies will have to keep proper accounts; they will have to engage qualified Accountants and have the accounts audited regularly. I do not think there will be much expenditure on that account.

As long as small bus-owners are not driven into the street and their buses taken over against their will, and as long as provision is made to enable them to earn a living and be assured of a

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living—instead of the precarious living they eke out now—I am sure the House will accept this motion.

I am sure individual bus-owners are doing well now, because of the traffic. I know that there was a time when individual bus- and lorry-owners suffered a great deal. Whenever a bus or lorry needed repairs, these people had not the money to meet the expense, of the repairs, and many a man went to the wall because of the competition brought about by the bigger man.

I think those hon. Members who are opposed to this scheme at the present moment should thank Mr. Nelson and the Hon. Minister of Local Administration for having thought out a scheme like this to improve the road and rail services of this country.

There is another point. The road and rail services should be co-ordinated. That is one of the suggestions made by the Hammond Commission; and that is one of the reasons why we got out Mr. Nelson.

I know that before Mr. Nelson was appointed Director of Transport the Military were daily commandeering lorries and buses. We had no option but to surrender our lorries and buses whenever the Military asked for them. From the time that Mr. Nelson became Director of Transport, I know that no lorry or bus has been commandeered without his consent and until he had gone into the question and found out that the Military wanted that bus or lorry and it could be spared. That is one service for which the people of this country should be thankful to Mr. Nelson, because I observed that the Military were gradually disorganizing the transport service of this country.

The hon. Member for Colombo South (Dr. de Zoysa) blamed the Hon. Minister of Local Administration and said that the Minister was trying to create a monopoly. Yes, Sir; the Minister is trying to create a monopoly and at the same time to safeguard the public. How is that to be done? By fixing time-tables and routes. A monopoly is essential.

Sir, if someone was going from Colombo to Deniyaya, he goes by train to Galle; he gets off the train at the

Galle Railway Station and goes to the bus stand. There is a bus there; and the driver says, "We are about to start, Sir. We will take you to Deniyaya." They put this gentleman into the bus, and take him as far as Akuressa; that is 28½ miles this side of Deniyaya. They stop at the bazaar, have a cup of tea, and after an hour or two say, "We have not got sufficient passengers" or "We have no petrol and are unable to proceed." I know there have been cases where several families have had to go back to Matara, a distance of 12 miles, and stay the night over because there was no accommodation at Akuressa bazaar. They have to hire a car and go to Matara, and come back the next day, doing an additional 24 miles at an exorbitant hire, an expenditure that they never visualized and which they could have well avoided if the bus-man had been honest and true to his service.

When we consider this motion, we should not think only of the bus-owners. We should think also of the patrons of the bus-owners, the people who patronize the bus services. We must see to their convenience also. It is very surprising that the people of the Southern Province did not approach me and ask me to oppose this motion. I remember the day that Mr. Nelson addressed the bus-owners at Matara. Immediately after the meeting, I questioned the bus-owners and asked them what had happened and what Mr. Nelson had told them. They said, "Mr. Nelson wants us to form ourselves into limited liability companies, and we have to think over it." I asked them, "Well, what do you think of it? Are you going to do it?" Most of them told me, Sir, that it was a very good idea, that it was feasible and that they were going to do it. As far as the Matara District is concerned, and as far as I am concerned, none of the Matara bus-owners approached me. Therefore, I think the opposition comes from people in Colombo with certain vested interests; and I do not think that we should oppose this motion.

I think those Members who oppose this motion will, if it is passed, within six months' time begin to thank the Minister of Local Administration and Mr. Nelson for this scheme. [A

MEMBER: And the Committee!] Of course, the Committee comes in when the Minister comes in.

Sir, I have nothing more to say. I believe the Hon. Minister will state anything else that should be said. I have no objection to accepting the amendment of the hon. Nominated Member (Mr. Wille) because the Hon. Minister himself is agreeable to doing so.

***The Hon. Mr. Bandaranaike:** I propose to go even further than that.

Mr. R. C. Kannangara: I support the motion as I think it will bring peace and prosperity to a class of enterprising people who deserve well of us.

The Hon. Mr. C. H. Collins (Acting Chief Secretary): Sir, I do not wish to detain the House for more than a few minutes this afternoon but there is one aspect of this matter on which I wish to say a few words.

There are actually three aspects of this matter. The first is the point of view of the bus-owner; the second is the point of view of the man who travels in the bus, and the third is that very vital and very important aspect—the point of view of Defence. I wish to say a few words with regard to the last—the point of view of Defence.

I think it will be obvious to everybody who has considered this motion that the question of Defence is of importance. The Minister's Observations lay particular stress on this point, and in fact he has stated in his Observations very clearly and very definitely the Defence aspect of the question. The matter is one of Defence, as well as one of general policy, and what I want to say this afternoon bears on that point.

Sir, it is obvious that, if you have motor transport in the Island running in a disorganized manner, if you have single buses running on roads, if you have no organization at all, if you have a very few garages which are common to a number of buses, it will be very difficult indeed for those who are organizing Defence to organize the transport of the country. It is very important indeed from the Defence point of view that there should be proper organization of motor transport.

I think it will be seen that this matter is important not merely from the point of view of the Military but also from the point of view of the populace, because if you have any trouble and want to use your motor transport properly, it is essential that the Government should be able to control it and control it properly. So that from that point of view it is most important indeed that there should be some form of organization of motor transport.

It has been suggested that we might proceed by way of Defence Regulations. That is perfectly true. It would have been possible for Government to have passed this motion by the use of Defence Regulations, but it was definitely decided that that should not be the method adopted, because there are other aspects of the matter than Defence. These other aspects have been dealt with and should be dealt with in open Council, and it is proper that there should be an opportunity of discussing the whole matter. If it had been purely a matter of Defence, it would have been quite easy to pass this motion by a Defence Regulation, and in fact had it been necessary to do so a motion could have been passed in that way. [A MEMBER: Where?]. But I say that it is better that the matter should be dealt with in open Council than by the passing of a Defence Regulation. Therefore, it has been brought into open Council.

It has been suggested this afternoon that one way of getting over the difficulty is not to do as we are proposing, but to proceed by requisition; that is to say, the Military and Civil authorities should consider how many buses and how much motor transport should be taken off the road, then requisition that motor transport and put it aside in a "pool" somewhere, where it will probably not be used but taken off the road and be made available in an emergency. I think it would be harmful to do that because I think everybody knows at the present moment that we want on our roads, for civil purposes, every lorry and bus that we have. We do not want any more taken out of use. We want them on the roads, and this scheme will provide for the retention of motor transport on the roads. It does not provide that motor transport should be taken out of use and "pooled" and then not be used.

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I think the proposal which was brought forward by the hon. Member for Galle (Mr. H. W. Amarasuriya) would involve the taking out of use of a very considerable number of motor vehicles that might or might not be of use to the Military at the present moment but which would only be really available at a time when an emergency occurs. It is not necessary to do that, Sir. This scheme provides that all the motor transport should be retained on the roads and used on the roads and be available for Government purposes or for civil purposes in case of an emergency, and when that emergency arises that transport would be organized in the proper fashion and could be used properly. That is the importance of this motion from the Defence point of view.

I should like to say—I am not going to speak at any length—that the proposals which are now before the House have been very carefully considered from the Defence point of view, and I can say that they are regarded not only as of the greatest importance in themselves, but also of the greatest urgency. It is most desirable that they should be passed as quickly as possible, for at the present time we cannot wait. We must get on with things. We cannot wait for long discussions and further discussions. We want to get all the arrangements made, and therefore it is important that this matter should be settled at the earliest possible moment.

I would repeat that those who are responsible for the defence of the Island feel that the proper organization of motor transport is a matter of the greatest importance and greatest urgency. I would therefore impress upon the House the urgency of the matter. I do not say that the matter should not be properly considered and any alterations made if necessary, but it is of the greatest importance and urgency that a proper scheme of organization of motor transport should be put into force at the earliest possible moment, both for the sake of the defence of the Island, and for the sake of the civil population.

***Mr. A. Mahadeva (Jaffna):** I waited for more speeches in favour of this resolution before I spoke and I am glad we have had two speeches, one from the

hon. Member for Morawaka (Mr. R. C. Kannangara) and the other from the Hon. the Acting Chief Secretary.

I would not pause to comment on the speech of the hon. Member for Morawaka, because his speech was a plea in favour of limited liability companies and the desirability of the forming of limited liability companies. According to him, Ceylonese are lacking in the spirit of co-operation. I shall leave him at that, and would rather deal with the question from the point of view put forward by the Hon. the Acting Chief Secretary who says that this is a Defence matter—at least that is the chief aspect of it—and for that reason he desired that this resolution should be adopted with as little discussion as possible, or as early as possible.

Sir, we are told that there are 700-odd bus-owners in this Island, and that it would be difficult for Defence purposes to deal with 700 owners and they would like to limit the number, say, to 50 probably—I do not know—50 or 100. All I can say is that if it be the fact that the authorities in charge of the defence of this Island are unable or find it difficult to deal with 700 people, we are in a bad way with regard to the defence of this Island. It is a poor confession of ability to organize. They can only deal with fifty people and to deal with 700 is beyond their capacity.

***The Hon. Mr. Bandaranaike:** May we adjourn? My hon. friend can come back refreshed.

Mr. Speaker: The sitting is suspended till 4.30 P.M.

Sitting accordingly suspended until 4.30 P.M. and then resumed.

***Mr. Mahadeva:** When we adjourned for tea, Sir, I was dealing with the argument that this was mainly a Defence measure and therefore the Defence authorities would find it difficult to deal with 700-odd individuals and would prefer to deal with 50-odd individuals. I felt that that was rather a poor reflection on the capacity of those entrusted with the defence of the Island, and I thought that it would not have been urged in this House.

Apart from that, what is the position with regard to lorries? The lorries themselves probably are now owned by more

than 700 individuals, and lorries, I take it, are as essential for Defence purposes or can become as essential for Defence purposes as buses themselves. The authorities do not intend to submerge the individuality of the owner of a lorry. They are content to let the owner of a lorry remain as he is, only keeping him under a group organization. If that is possible in such an essential service as the transport of goods, why is it not possible in the case of buses themselves?

We know that patriotism has been made to cover a multitude of sins, and now emergency war measures are made to cover the Hitlerite tendencies within the breasts of each one of us. If you are willing to get the co-operation of the bus-owners and induce them to form themselves into companies, I would have no objection. But that is not the scheme. The scheme is to force them to form companies or to drive them out of business.

One of the Members who spoke in support of the motion said that the formation of companies by bus-owners on a particular route would be to their best advantage. If so, why not leave it to them? Supposing it is to their advantage, and supposing out of these 780 owners of buses 700 form themselves into companies leaving 80 individuals out of it who want to run on the routes that they are already working, why not permit it? Why should we compel them to form themselves into companies or drive them out of business?

Sir, instead of holding out the bogey of the Defence Regulations that might be used against these people, it would have been possible to come to some sort of arrangement as was done in the case of lorries. If such a procedure had been adopted, I am credibly informed that the bus-owners would have had no objection to it. In such a case there is this added advantage. If this is a War measure and you compel them to form themselves into companies, as was pointed out by the hon. Nominated Member, it is a delusion to believe that when the war ends they can once again regain the original *status quo*. Once they form themselves into companies, they are there willy-nilly for the rest of their existence.

So, I myself would welcome any scheme as a purely Defence measure

which will not entail the merging of the identity of owners in some legal fiction as a company. I would welcome the adoption of the course and a procedure which has been found satisfactory for lorries, namely, to place the buses under group organizers; and I should like very much to know from the Minister himself whether what is good enough for lorries has not been found good enough for buses. The chief thing is not to utilize the urgency of the situation to drive the bus-owners into an arrangement which will become permanent and which will not be in their interest but against them. The bus-owners themselves are business men who know what is good for them, and they can be relied upon with the present limitations of the Motor Car Ordinance under which they have to operate to carry on a service which would be acceptable to the public.

Hitherto what has been the trouble with regard to bus-owners? There was cut-throat competition, bad buses, payment of irregular wages and not working to time-tables. Each one of those matters can be tackled under the Motor Car Ordinance. Under the Motor Car Ordinance, fares are fixed. There is no necessity for and there is no possibility therefore of cut-throat competition. I myself feel that it would be in the interests of everybody if in a measure like this we can carry the bus-owners with us. I feel that the bus-owners would not mind their being placed under group organizations with whom the Military authorities could deal, and everything necessary could be effected by such a scheme. Therefore, until I know why the bus-owners cannot be treated in the same way as lorry-owners, I feel bound to oppose this motion.

Mr. Susanta de Fonseka (Panadure): I rise, Sir, to oppose this motion. The Hon. the Acting Chief Secretary was very frank when he put Defence in the forefront of the reasons for supporting this motion.

The whole of the introductory speech of the Minister who sponsored this motion dealt with the need for the co-ordination of road and rail transport. A good part of the speech was also devoted to the point that the formation of companies was essential for the better

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management of the bus business in the interests of the bus-owners themselves. In answer to a question, he gave us a very definite reply, one which gives us much food for thought—that it may be possible at the end of the war to scrap the whole system of companies and come back to the present system.

If that is the case, I cannot understand why the Hon. Minister did not come before the House and make a straightforward appeal to Members on the ground that this measure is essential in the interests of Defence; that no question of the co-ordination of road and rail transport, or the conservation of the interests of the bus-owners, came into the matter at all, and on that basis alone asked for the support of the House for his proposal.

Before I proceed any further, I want, on behalf of the back-benchers to express our gratitude to the Hon. Minister for bringing this motion before the House. It was possible for him, as some Hon. Ministers are now frequently doing, to adopt the very easy method of "Defence Regulations" to give effect to the proposals embodied in this motion. But the Minister of Local Administration had, I think, too much respect for this House and also for the authority which he derives from this House, to think of side-tracking this House. For that we are very grateful to the Hon. Minister.

With regard to this proposal, I want to make an appeal to the House. The hon. Burgher Nominated Member (Mr. Wille) described this motion as the perfect ideal in bus matters, but he opposed it on the ground that it is to be forced down the throat of the people concerned. The Hon. Minister of Home Affairs will bear testimony to the fact that in 1935 Panadura was considered to be the hot-bed of hooliganism, thuggery, murder and violence in connexion with the bus business. In that year the Minister of Home Affairs and the then Minister of Local Administration asked me whether I could intervene and bring about a settlement between the contestants. My reply to them was, "Why do you not have companies? Why do you not enact legislation and compel these people to form themselves into companies?" I mention it because I fear that the majority of Members of

this House, who are not intimately acquainted with the bus business, may be led astray by the idea of companies, without an appreciation of the difficulties and the disadvantages and the injury that will be caused by a measure of this sort.

The Minister of Local Administration in the course of his speech urged three reasons in support of this motion. He drew a very lurid picture of the bus business as it existed prior to 1938. I ask him, in all fairness was he justified in bringing before this House a picture of the conditions that existed prior to the Motor Car Ordinance of 1938? I think it was unfair on the part of the Minister to have brought that before the House, because if any Member of this House knows how different the situation now is, it is the Minister of Local Administration. I think the Minister should be congratulated on the fact that as a result of the passing of the Motor Car Ordinance conditions have been very much bettered as compared with the conditions that existed prior to 1938.

The other reason urged by the Minister of Local Administration was that in spite of the Motor Car Ordinance of 1938, bus drivers, conductors and others engaged in the business were not being given a square deal. But whose fault is that? As far as I am aware, speaking for Panadura, I can tell the House that we are complying with the minimum wage regulations laid down in the Ordinance, and if these regulations have not been enforced in other areas, it is the Minister of Local Administration and the Commissioner of Motor Transport who are answerable. They have the legal powers to enforce those regulations, and if they are not enforcing them, the failure to pay minimum wages should not be urged as an argument in support of the contention that bus-owners should be compelled to form themselves into companies.

The third argument—and that was the last argument urged by him as perhaps the least important—was that in this time of war, with every possibility of invasion, instead of having 759 owners, whom the Military authorities need call upon at a given moment to immobilize their vehicles, it would be better if we had a single legal entity that can carry

out that immobilization at a moment's notice. With regard to that argument, all that I can say is to repeat what has been urged by the hon. Member for Jaffna (Mr. Mahadeva). If the Military authorities of this country are so incompetent that they are unable to devise a system whereby they can handle the 759 bus-owners, then I think the defence of the Island might well be entrusted to Ceylonese.

If that is the argument in respect of the buses, surely that argument applies with equal force to lorries? The Minister, in reply to a question, stated that lorries run under conditions different to those under which buses were run, and that that was why Mr. Nelson, the Director of Transport, had not put up a scheme in respect of lorries. But if the argument urged by him, on the ground of Defence, is applicable to buses—that at a moment's notice it may become necessary to immobilize these buses or bring them to a certain spot at short notice—surely that applies equally to lorries. I think lorries play a more important part in warfare than buses can ever play.

We need not therefore look further into the reasons given by the Hon. Minister. It is perfectly obvious that the main reason is connected with Defence. From that point of view, is the formation of companies the best way of dealing with the situation?

The Hon. Minister of Health may have forgotten what he said on the March 1 Resolution for obtaining the services of Mr. Nelson, when he opposed the recruitment of this officer. The Hon. Minister of Health at that time asked, "Why not purchase all the buses and run them as a State concern"? The Minister of Local Administration interrupted and said, "It would cost Rs. 20,000,000". That was supplemented by the Minister of Communications and Works who stated that it would cost Rs. 25,000,000.

Surely, Sir, in a war, where the freedom, liberty and independence of the country is involved, if the needs of that war call for the formation of these companies, Rs. 20,000,000 is a mere bagatelle? Yesterday I heard it broadcast on the Delhi radio that Great Britain was

offering as an outright grant—not as a loan—eighteen lakhs to Indian textile manufacturers for the purpose of turning out silk parachute cloth.

That is one way of dealing with the situation. Another way is to requisition the buses. Have them all under Military control, and let the Military release them for ordinary purposes, but subject to Military control. That is the easiest and best way of dealing with the situation.

The Minister of Local Administration in the course of his introductory speech on this motion created the impression in this House that he welcomed the appointment of Mr. Nelson, that Mr. Nelson's appointment was necessary for the co-ordination of the rail and road services. I know, the Hon. Minister very often forgets his previous utterances, but it is interesting to recall the terms in which the Minister spoke about the appointment of Mr. Nelson. This is what the Hon. Minister said:

"I rose, Sir, not to oppose this motion or particularly to support it, because as far as I am concerned, I am indifferent to this motion . . ."

He proceeded to say that he would like to see this officer appointed, not in the interests of road transport but because the Railway was costing the country Rs. 20,000,000 a year. The whole burden of his speech from beginning to end was that as far as road transport was concerned, nothing more need be done. I want the Hon. Minister to bear that in mind. Here is a passage from his speech (page 2529, HANSARD of September, 1941):

"All the various recommendations made in the Hammond Commission Report—I think the more important recommendations—have already been given effect to. . . ."

He was speaking of road transport:

"In regard to the Railway, I cannot speak with such certainty, but certainly with regard to road transport, the principal recommendations made in the Report have been put into effect, namely, the fixation of time-tables, the fixing of fares, the fixation of minimum wages of drivers and conductors of buses and lorries, &c."

That is what the Minister stated when it was proposed to appoint Mr. Nelson.

In view of the fact that this proposal is being urged as a Defence measure I think it is useless to refer in detail to

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that debate and to the statements made by the two Ministers concerned as to why the services of Mr. Nelson should be obtained, and, in particular, to the manner in which Mr. Nelson was expected to act. It was stated in that debate that Mr. Nelson should take anything from six months to a year to submit a report, dealing with both problems—road and rail transport—and that the report would come before the House, and that the only difference between Mr. Nelson's report and the Hammond Commission Report would be that if Mr. Nelson's report were accepted he would remain in Ceylon to give effect to his recommendations. There is no need for me to state here that we have had no report from Mr. Nelson yet; there is no report from him dealing with road and rail transport or with the co-ordination of both. As I stated before, we are now concerned really with a Defence problem.

The Hon. Minister stated—I think, again, rather unfairly—in the course of his remarks that there is more or less unanimity among the bus-owners in favour of the formation of companies. Nothing can be further from the truth. That statement would have been correct up to about the middle of May, 1942, when the bus-owners were under a genuine misapprehension, having misinterpreted certain remarks of Mr. Nelson to mean that if they did not voluntarily agree to form companies, they would be compelled to agree by means of Defence Regulations. But the moment they had the assurance that Mr. Nelson had been misinterpreted, it became clear that more than 90 per cent. of the bus-owners were opposed to this proposal.

The Minister says that these recommendations are made in the interests of the bus-owners themselves. It is a pity that the bus-owners do not seem to agree with him on that point. I know that so far as Panadura is concerned, there is only one company that is in favour of this measure, and that is the Motor Transit Company of Panadura. The Hon. Minister quoted a number of companies as having been successfully run in Ceylon, in support of his argument that there was no reason to anticipate that these companies would fail. But the Hon. Minister did not trouble

himself to explain to this House what sort of companies they are. I ask the Hon. Minister to mention, out of the seven companies he named, one single public company which is in existence to-day.

All the companies, Sir, are private companies. Speaking, for instance, of the Panadura Motor Transit Company, which is I think the biggest Company in Ceylon—I think it operates close upon 80 buses and over 100 lorries; I am not sure of my figures, but I know it is a very large number of buses and lorries; it is perhaps the most powerful company—all the shares are, so far as I know in the hands of ten or twelve people. The law requires that there should be a minimum of seven and not more than fifty shareholders in the case of a private company. There are about ten shareholders, and one gentleman alone holds as much as 80 per cent. of the shares of that company.

Yes, Sir; that is the truth. It is the same story in respect of the other companies. But there were two public companies; one was the Raigam Korale Bus Company, formed in 1927, which came to an inglorious end, ultimately leading to litigation, charges of fraud, of dishonesty, of misappropriation being made. It came to an inglorious end I believe in 1929. There were two other companies like that, one down South and one in the Central Province, neither of which existed for more than two years.

Now, I would like to ask the Hon. Minister what objection he has to the formation of unions or associations by these bus-owners. The Hon. Minister's argument is that they cannot be made into one single legal entity. Is that so, Sir? Is it not possible to amend the law so as to make them one legal entity?

Sir, when in 1935 the Hon. Minister of Home Affairs and the then Minister of Local Administration asked me to intervene in Panadura, we formed a Union, an Association called the Panadura Bus Association. It has 53 buses with 28 owners. From that date up to this day we are a registered union, for all purposes one single legal entity. Up to this date no complaint has ever been made against the administration either of the bus service or the funds of that Association. I

would ask the Minister to tell me whether at any time, either by the Police or by any local authority, any complaint has ever been made either of overloading, of speeding, of affrays, of violence or anything of that kind since 1935, since that Association was formed.

Now, if the Hon. Minister is really keen on helping the bus-owners, I do not see why, when the bus-owners themselves unanimously request that they be allowed to form associations and if there is any shortcoming in the law that the law be amended to make those associations legal entities—I do not see why the Hon. Minister should not consider it. As it was, he adopted what was termed by the hon. Member for Jaffna (Mr. Mahadeva) the “Hitlerian method of legislation”.

In this country, Sir, we are not accustomed to root-and-branch methods of legislation. In this country we believe in one process, however slow it may be, however full of faults it may be—the process of evolution. But what was the Hon. Minister's attitude at the various conferences he held with the bus-owners? I was present; and his attitude was, “Tell me what you have got to say against the formation of bus companies”. That was his attitude. Surely, as a popularly, democratically Elected Minister of a democratic Assembly, his attitude should not have been that, not to throw the onus upon the bus-owners and call upon them to show cause why they should not accept companies. His attitude should have been to point out to them, “My dear friends, in spite of the 1938 Ordinance, the bus trade is not what it should be. These are the defects. In view of these defects, I am compelled to approach the State Council and ask for a remedy”.

We challenged him, Sir, at the conference held here in the State Council building to give us instances where after the passing of the 1938 Ordinance he has reason to grouse. He could not cite one instance, not one single instance. At the Kalutara meeting which was presided over by Mr. Nelson, Director of Transport, that question was also asked of Mr. Nelson—“Before you ask us to form ourselves into companies against our wishes, kindly point out in what respects the 1938 Ordinance has failed”. Mr. Nelson was not able to answer that ques-

tion except by saying that companies were a better method of running the bus services. We all agree with that. With the general principle, everyone in Ceylon will agree.

Sir, I do not want to mention in detail why in my opinion the method proposed by the Hon. Minister is bound to fail. Those reasons were very eloquently urged by the hon. Member for Matale (Mr. Aluwihare). I would like to hear the reply of the Hon. Minister to those arguments.

As regards the other reasons why these companies will fail, the hon. Member for Colombo South (Dr. de Zoysa) has already placed them before the House. So, Sir, on those aspects I do not want to take the time of the House. I would ask the Hon. Minister to say whether he can on the Floor of this House assert that since 1938 motor car offences are on the increase or whether they are not definitely on the decrease since that Ordinance began to operate.

Now, if that Ordinance has defects, by all means let us have those defects removed. Surely, Sir, for purposes of Defence, with a business in which so many people are engaged, we are not going to try any experiment which we may have to abandon at the end of the war. Is that the proposal? Surely, a far-reaching measure like this should never be brought up on grounds of Defence. No Member of this House will object if an honest method is recommended on grounds of Defence only which can be abandoned at the end of the war. But how are you going to wipe this off at the end of the war? We do not believe in resurrections now. Out of the 759 bus-owners, perhaps 700 will go to the wall. We are not going to resurrect them at the end of the war after enforcing this proposal as a Defence measure.

Sir, does not this House owe a strong moral obligation to these bus-owners? I want every hon. Member of this House to bear that in mind. Who was responsible for this bus service? Not the great capitalists. The great capitalists started it in 1922. But when rubber began to boom, when tea began to boom in 1925, they found more profitable avenues of investing their money. They all abandoned the bus trade. The poor man, the

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single-bus owner, mortgaging his house, mortgaging the bus itself, brought bus traffic to its present condition. I think Ceylon is under a very great obligation to these bus-owners.

I mentioned earlier in my speech that I am closely associated with bus-owners. I wish to assure the House that I have absolutely no financial interest in that regard. I am only there as President, and with the full approval and blessing of the Home Minister.

So, before we knock off a business like the bus trade, there are certain facts that we have to take into consideration. What did the bus-owners do in 1927? When others were making money and planting rubber to such an extent that the Hon. Minister of Agriculture was compelled as his very first measure in this Council to introduce an emergency law—it was almost in the nature of an emergency law—preventing the planting of unsettled land, it was these people who buried money in this business, who ran their own buses and contributed in very great measure to the prosperity of this country. To them, and them alone, is due every praise for having enabled the conversion of Village Committee roads into District Road Committee roads. Is there any Member who will deny that to them, and to them alone, must be given the credit for many District Road Committee roads having been converted into Public Works Department roads? But for their exertions, but for their persistence, but for their industry, Ceylon would never have improved to the extent that it did subsequent to the boom of 1926.

Sir, I wish not only to be critical in this debate. I would like to throw out a suggestion for the consideration of the Hon. Minister.

I have already mentioned that if there is any shortcoming in the law, the law should be amended so that associations like the present bus associations can be made into legal entities. I go further than that. To-day the Motor Car Ordinance lays down a number of conditions for compliance by the owner before a licence can be issued to him. The bus-owner has to comply with a number of conditions before the annual licence is issued at the beginning of the year—as

regards tyres; as regards serviceability; as regards the condition of the vehicle; the condition of the brakes; and various things like that. Now all these people who have invested their money in this business never for a moment suspected that under the guise of Defence they would be compelled to form themselves into companies.

Sir, if we can go a step further, and if the Hon. Minister is really keen, not on Defence grounds, but on grounds of a better bus service, to improve the conditions, let us have another condition added to the list of the present conditions; and that condition is that hereafter before a new bus is licensed, not the annual licensing of the same bus, but before a new bus is licensed, let there be a new condition laid down that the Government reserves to itself the right, so far as that bus is concerned, to call upon the holder of that licence to put that bus either into a company or to a partnership or to any other legal entity.

Sir, that would be fair, that would be ample notice to all the bus-owners. To-day without any notice whatsoever, when the Motor Car Ordinance is functioning satisfactorily, like a bolt from the blue the Hon. Minister tries to thrust this measure down the throat of the bus-owners. That is very unfair. I think our sense of justice must make us repel a step of that nature. I hope, Sir, the Hon. Minister will consider the suggestion thrown out by me. I think so far as the suggestion made by me is concerned, it will be welcomed by the bus owners.

There is another grave feature in this proposal. The Minister states that if all steps to form associations fail, route licences will be offered by auction to capitalists.

***The Hon. Mr. Bandaranaike:** Where is that stated?

Mr. Susanta de Fonseka: That was definitely stated both at the conference held in the State Council building and also by Mr. Nelson in his speech at Kalutara.

***The Hon. Mr. Bandaranaike:** If my hon. Friend will look at the report here,

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he will realize that we have given up that idea of auctioning the routes.

Mr. Susanta de Fonseka: Has that idea of auctioning the routes been given up?

***The Hon. Mr. Bandaranaike:** Yes.

Mr. Susanta de Fonseka: I think that is a very good thing.

***Mr. Aluwihare:** What about paragraph 7?

***The Hon. Mr. Bandaranaike:** Not about auction.

Mr. Susanta de Fonseka: What was explained at the conference was:

"In the unlikely event of the operators on a particular route being unable to amalgamate, applications will be invited for exclusive route licences, subject to conditions as to operation and also as to condition that the grantee will compensate all bus owners who are dispossessed."

***The Hon. Mr. Bandaranaike:** That was the point that I was trying to explain.

Mr. Susanta de Fonseka: That was the explanation given by Mr. Nelson at Kalutara.

***The Hon. Mr. Bandaranaike:** I do not wish to interrupt my hon. Friend, but if he would permit me to offer a few words of explanation, I should like to say that that was the point I tried to explain to the House earlier, but I was not permitted to do so. I may be given the opportunity to explain that position now, or the hon. Member should await my answer, when he will find—

Mr. Susanta de Fonseka: I would rather that the matter be referred to later in the course of the Minister's reply.

***The Hon. Mr. Bandaranaike:** Then the hon. Member need not refer to it.

Mr. Susanta de Fonseka: Yes, I shall adopt a new line of argument.

Ultimately, if the small owners do not combine, the route licence will go into

the hands of the capitalists. The House knows that prior to 1938, the capitalists wanted to get hold of the bus business by thuggery; and what they failed to achieve on account of the Ordinance, the Minister now suggests that we should help them to attain in a legal way.

Apart from that, there is one thing which you do not require a prophet to foresee. There is going to be, in my opinion, only one great victor in this war, and that is Communism. There is going to be one man defeated in this war, and that is the capitalist. You cannot go against the march of time. And for us to suggest, even for a moment, that the small owners should be suppressed, if they are unwilling to combine in favour of capitalism, is to put the hands of the clock back. I wish the House to bear that in mind.

I oppose the motion.

***The Hon. Mr. D. S. Senanayake (Minister of Agriculture & Lands):**

Perhaps if the Minister of Local Administration had had the opportunity, at the start, to explain the present position, many of the speeches that have been made on this question might not have been made. After the discussion we have had here, many of the points have been cleared up. I might say that, personally, I myself was not so certain of the wisdom of some of the proposals before the House. I consider them proposals, and I am sure the Minister will clear up all doubts when he replies.

I feel that it is very necessary to state what is required to-day for Defence purposes and what other purposes we have to consider. I can assure you and the House that since 1928, when the Motor Car Ordinance came into operation—

***The Hon. Mr. Bandaranaike:** 1938.

***The Hon. Mr. Senanayake:** Yes, that since 1938, when I noticed an improvement in the bus service, I have been taking a certain amount of interest as well as a justifiable pride in the way in which Ceylonese conducted that service. Before that I had a great prejudice against the bus service, for

[The Hon. Mr. Senanayake.]
the simple reason that no passenger, no bus-owner and no pedestrian was safe on the road.

As was described by the hon. Member for Panadura (Mr. S. de Fonseka), thugs were employed by bus-owners, and one party tried to oust the other party by violence, with the result that the lives of both passengers in the buses and pedestrians using the roads were endangered. However, since 1938, things have improved. That improvement has benefited not only the public but also the bus-owners. Since 1938 the bus service has been conducted in a very—I would not say, perfect—efficient way, and it has rendered wonderful service to the country. I am not only proud of the bus service, but I am also proud of the fact that this was a service started by Ceylonese, not Ceylonese of great influence or wealth, but Ceylonese with perseverance and the will to serve the public. This service was started by people who were anxious to render service to the country.

***The Hon. Mr. G. E. de Silva (Minister of Health):** And to themselves.

***The Hon. Mr. Senanayake:** I feel that if any attempt is made to oust these people because of an emergency or otherwise, such attempt should be resisted by everyone who has the interests of this country at heart. There is not the slightest doubt about that. It is because of that feeling that there is this opposition to the proposal that has been put forward.

I believe, in trying to organize the bus service certain proposals were made to the bus-owners as being desirable in their own interests, and there are other measures necessary in the interests of Defence. I think there is a little confusion of ideas. People are under the impression that what were considered desirable in the interests of bus-owners are to be forced down their throat even when it is not necessary to do so for Defence purposes.

We have heard a great deal about company formation. I believe it was one of the proposals suggested by the hon. Member for Panadura himself even before Mr. Nelson came to Ceylon.

Mr. Susanta de Fonseka: What?

***The Hon. Mr. Senanayake:** The proposal regarding company formation. The hon. Member advocated the formation of companies in the interests of bus-owners and the public. Mr. Nelson perhaps does not know that there was such a proposal made by the hon. Member. Great minds agree. That proposal was made in the interests of bus-owners as well as of the public.

Personally, I feel that it would be very good for all who want to start business to form themselves into companies. I feel sure that if we formed the habit of forming ourselves into companies, we would have been able to withstand the exploitation that was practised in this country by powerful companies. Individually we are weak and are unable to obtain sufficient financial backing to fight those who come to exploit us. I feel that the people in Ceylon are quite capable of starting companies. They are not accustomed to the company system, and are therefore rather reluctant to venture on company formation. I trust that the bus-owners, if they are put to it, will successfully form themselves into companies.

I remember the time when motor insurance business was mooted in Ceylon. People really thought that easy money was being provided for the European and Australian companies that were operating here. The local people put their heads together and formed insurance companies which are working quite successfully. They do not allow the other companies to take our money away—[*Interruption*]. They are quite capable of doing good business.

I am one who believes in companies being formed but, at the same time, unlike other speakers on this motion, I am not one who wants to force companies down the throats of those who do not want company formation. Company formation may be good; it may be to our advantage to form ourselves into companies, but that system has to become popular. It has to be started by people of their own free will.

One of the reasons why I want companies formed is this: people in this country start business on their own and

business, like other things, has its ups and downs. When an individual carries on business on his own, it may happen that owing to bad times he may lose everything and go bankrupt. But if business is carried on by a limited liability company, even if the company goes bankrupt, the shareholders can protect themselves and start business again.

***The Hon. Mr. G. E. de Silva:** It is 5.30 p.m. now, Sir, and according to our Standing Orders, we will have to take up unopposed items on the Order Paper. I move the suspension of Emergency Standing Orders 2 (4) and 2 (5) to enable this debate to be continued after 5.30 p.m.

Mr. Susanta de Fonseka: I do not want to oppose that motion, but I should like to bring to your notice that you have repeatedly pointed out on two or three previous occasions that notice of a motion of this nature should be given, not at the last minute, but very much in advance.

***The Hon. Mr. Bandaranaike:** You cannot possibly give notice of such a motion in advance, without knowing that the discussion would proceed beyond 5.30 p.m.

Mr. Speaker: It is now 5.30 p.m., when business should be interrupted. As I pointed out on the last occasion, you must give notice of such motion early in the day.

***The Hon. Colonel Kotalawala:** Is it possible to do that?

Mr. Speaker: Till what time are we going to sit to-day?

***The Hon. Mr. G. E. de Silva:** Till 6 o'clock.

***Mr. Aluwihare:** I would object to a vote being taken on this motion to-day.

Mr. Speaker: Why not adjourn the debate now?

***The Hon. Mr. Senanayake:** We will continue the debate till 6 or 7 o'clock.

Question, "That Emergency Standing Orders 2 (4) and 2 (5) be suspended to enable the debate on the motion to be continued beyond 5.30 p.m.", put, and agreed to.

***The Hon. Mr. Senanayake:** Actually, I have forgotten what I was saying.

Although I feel that it is very necessary in the interests of the bus-owners to form themselves into companies, I should not like to compel people to do so. This aspect of the question was discussed, and I am sure the Hon. Minister of Local Administration will tell this House that it is neither his intention nor that of the Committee to compel people to form themselves into companies.

***The Hon. Mr. Bandaranaike:** If not a company, some other legal entity.

***The Hon. Mr. Senanayake:** This was not understood; and I did not understand it myself the other day. So we made it clear that there would be no compulsion on the part of the Ministry for people to form themselves into companies.

***The Hon. Mr. Bandaranaike:** If they form companies, they will have priority.

Mr. H. W. Amarasuriya: Not compulsion, but expulsion!

***The Hon. Mr. Senanayake:** The hon. Member wants expulsion, but I do not think the Hon. Minister will agree to that.

***The Hon. Colonel Kotalawala:** He wants expulsion!

***The Hon. Mr. Senanayake:** As explained by the Hon. the Acting Chief Secretary, what is required is, not the formation of companies, but the exclusive right to operate on prescribed routes.

***The Hon. Mr. Bandaranaike:** One legal entity.

***The Hon. Mr. Senanayake:** And it was necessary to have one legal entity to operate in a new area. That is the most important point.

The next point is that there should be a limited number of routes in the Island and not 700-odd routes as exist now. Of course, in certain instances there is a possibility of a little overlapping. But in the amalgamation of routes, all that is required is one legal entity for each route. That is considered necessary for Defence purposes.

Although this measure becomes necessary for Defence purposes, I do not consider that it is possible or fair, at the end of the war, to take away the exclusive right that would be given to anyone or any unit or legal entity. It is true that this measure has become necessary owing to the war. But it becomes necessary even during peace-time for more than one reason. Merely because this measure becomes necessary during the war, we cannot think of ever reverting to another system or taking away the exclusive right that is given to anyone or a unit after the war. When a right is given to a company or a legal entity, there is an obligation cast on that company or unit to do a certain thing; that is, to pay all the others compensation for the buses or the routes they had used.

If you tell anyone that this right is to be exercised only during the war, I wonder how many people—never mind companies—would agree to the conditions laid down and come forward. It is so uncertain. People cannot be driven away. Once we give a person the exclusive right or monopoly of plying buses on a certain route, that right must remain. If anyone else is going to take over that right, the person who has that right must be adequately compensated. I do not believe, for a moment, that we could think of adopting this method.

As I said, this measure is required for Defence purposes. All those who are concerned with the conduct of the war are unanimously of the opinion that it is necessary and the reasons that were put forward—although they cannot be disclosed—appealed to those who heard those reasons. Alternative methods

were suggested, but they were not considered satisfactory. In the first place, it is considered absolutely necessary, for Defence purposes, that there should be a legal entity or unit operating in an area, because there would be a smaller number of people to deal with.

***Mr. Aluwihare:** Will you provide that?

***The Hon. Mr. Senanayake:** My hon. Friend asks a question. I believe that one of the proposals the Board of Ministers has decided upon is that. There is the question about Ceylonese. These are people who are in the business—

***The Hon. Mr. Bandaranaike:** In the business on that route primarily.

***The Hon. Mr. Senanayake:** In these circumstances, the suggestion that is being made is this: it is considered desirable that a company should be formed and all those who are interested in a certain route—the routes will be stated—could form themselves into a Company. Those who form themselves into a company and take shares will have the exclusive right to operate in that area for ever unless it so happens that through some fault or misconduct on their part they lose that right. I have not the slightest doubt that the circumstances under which persons would lose their rights would be indicated in the Ordinance which would come before this House.

Suppose all the people are not able to join the company; suppose there are a few who are not ready to join. In that case, the majority would have the exclusive right. But that majority must compensate the others, not only as regards the value of the buses, but also as regards their goodwill. In many cases the goodwill would amount to more, because the earning capacity of even a ramshackle bus would be the same as that of a good bus.

With regard to the question of these unfortunate people going out of business, I may say that they go out only if they wish to do so; otherwise they can come

into the company. The question that we should ask ourselves is this: are we doing an injustice to these people? It may appear rather unfair that these people should be put out of business. But as you know, in any business it very often happens that the smaller individual is always knocked out.

If you look at the many routes over which buses ply, you will realize that a large number of bus-owners who were the pioneers are not in business to-day because they have been gradually ousted by more powerful concerns. When that takes place, there is no question of adequate compensation being paid. It is a question of the more powerful man being able to "squeeze" the smaller man out. But in this case what has been decided is that adequate compensation should be paid.

I do not want to take the time of the House. But I wish to say that if people cannot form themselves into companies they can form syndicates, partnerships; there can be individual companies. Whatever it is, they can be made legal entities. We have to recognize legal entities; they will be recognized by law, and such legal entities will have the right. But there is an order of priority. First, there will be the company; secondly, there will be the majority; thirdly, the larger number will form themselves into a syndicate, and they will have the exclusive right of plying on a particular route. Now, if anyone operating on that route does not want to continue in business, no one else is to have the right to that route except a person in the motor business itself; but even if that fails, it is no one but Ceylonese who will have the right.

You will see, Sir, that under those circumstances there has been a genuine desire and attempt on the part of everyone to safeguard the interests of the bus-owners as much as possible. It may be that at one time there was a desire on the part of Government and others to save the Railway, but at this moment it is not a question of the Railway or the bus. Both put together cannot cope with the traffic, and it is no use the one trying to kill the other. They have to work together and make the best of the situation.

It may be that certain suggestions have been made, and in the attempt to get them through there may have been pressure brought to bear to form companies, not because they were desirable, but because it was considered that they would be in the best interests of the people concerned. There is no such desire now, and I feel under the circumstances that it would be better for the bus-owners not to ask Government to take over the buses and operate them, but to continue in the business themselves in the best way they can manage.

It has been asked why Government cannot take over the buses. Do you mean to say that we could ever expect Government Officials to render the services that these bus people render to-day? It is absurd. After all, we would not be so concerned about the bus people if not for the efficient and good service they render. To expect the Government to take that step would be foolish; and under those circumstances I think it would be very much better to get these people to continue to perform the service without being handicapped in any way, and render them all assistance possible in doing their business.

That is all I have to say.

***The Hon. Mr. Bandaranaike:** Well, Sir, I only propose to start my reply and continue for the few minutes left. I must state at the very outset that I am very grateful to all the hon. Members who have spoken, particularly those who have spoken against this motion, for, if I may say so, the very helpful spirit in which they placed various criticisms of this scheme before the House and made various suggestions of their own.

I shall deal with some of the more important criticisms that were levelled, further to clarify the position as to what this motion precisely amounts to and what the purposes it is intended to serve are.

I would like to draw the attention of hon. Members again to the actual wording of the motion. The motion is this:

"(a) bus services shall not be operated along any road except under exclusive licence, subject to such conditions as may be attached to the licence, including a condition that the grantee shall compensate any persons at present operating buses under licence along the route who are displaced;"

[The Hon. Mr. Bandaranaike.]

The main purpose of this motion is that there should be an exclusive licence for a route. I will explain the various types of entities, legal entities, to which this exclusive licence can be issued.

Mr. Speaker: Does the Hon. Minister want to continue his speech to-morrow?

The Hon. Sir D. B. Jayatilaka (Leader of the State Council): Not to-morrow.

***The Hon. Mr. Bandaranaike:** I should like you to put the matter to the House. I would like this matter to be taken up and finished to-morrow.

Mr. Speaker: How long will the Hon. Minister take for his reply?

***The Hon. Mr. Bandaranaike:** Not more than half an hour.

Mr. Speaker: Then the House might agree to take up this motion to-morrow, and Private Members' motions afterwards.

***The Hon. Mr. Bandaranaike:** Yes.

Mr. Speaker: Does the House agree?

Members: "Aye".

The debate was adjourned.

ADJOURNMENT.

The Hon. Sir D. B. Jayatilaka: I move that Council do now adjourn till 2 P.M. on Wednesday, July 29, 1942.

Question put accordingly, and agreed to.

Adjourned accordingly at 5.50 P.M. until 2 P.M. on Wednesday, July 29, 1942.