

5th March, 1923

**THE  
LEGISLATIVE ASSEMBLY DEBATES**

**(Official Report)**

**VOL. III.**

*(21st February, 1923 to 14th March, 1923.)*

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**THIRD SESSION**

**OF THE**

**LEGISLATIVE ASSEMBLY, 1923.**



**SIMLA  
GOVERNMENT CENTRAL PRESS  
1923.**

# Legislative Assembly.

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## *Deputy President :*

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SARDAR BAHADUR GAJJAN SINGH, M.L.A.

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MR. G. H. SPENCE, I.C.S.

## *Marshal :*

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

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# LEGISLATIVE ASSEMBLY.

Monday, 5th March, 1923.

The Assembly met in the Assembly Chamber at Eleven of the Clock. Mr. President was in the Chair.

## MEMBER SWORN :

Rao Bahadur P. T. Srinivas Achariyar, M.L.A. (Madras: Nominated Official).

**The Honourable Sir Malcolm Halley** (Home Member): With reference to the information promised in reply to Rai Bahadur Bakshi Sohan Lal's question regarding the passed and unpassed candidates of the Staff Selection Board, I may state that the information was supplied on the 28th February last.

## QUESTIONS AND ANSWERS.

### " POOLING OF WAGONS."

442. **\*Mr. K. O. Neogy:** (a) Has the attention of Government been drawn to an editorial article appearing in the *Eastern Mail* dated February 18, 1923, under the head " Pooling of Wagons " ?

(b) If so, will Government be pleased to state whether it is a fact that under the wagon pooling arrangement, referred to therein, the two Company-managed lines of Bengal, viz., the B. N. R. and the E. I. R., have profited most, and that the traffic of other Railways in foodstuffs and in general merchandise was restricted in order to enable the said two lines to carry more traffic in the very same commodities?

**Mr. C. D. M. Hindley:** (a) Yes.

(b) The wagon pool was introduced for the benefit of railways as a whole and the country generally and the traffic of other railways in foodstuffs and general merchandise was not restricted in order to enable the East Indian and Bengal-Nagpur Railways to carry more traffic in these commodities. The fluctuations of traffic to which the article in question refers were not the result of the pooling arrangements.

### SEPARATE ESTABLISHMENT FOR COLLECTION OF INCOME-TAX.

443. **\*Rai T. P. Mukherjee Bahadur:** (a) Are the Government aware that a separate establishment for the collection of income-tax, headed by an Income-tax Commissioner in each Province, is proposed to be introduced?

(b) If so, will the Government be pleased to state the amount of additional expenditure to be incurred for the proposed separate establishment for each Province?

(c) Will the Government be pleased to state what is the amount of expenditure on that head incurred in the last three years in each Province for the collection of income-tax?

(d) Will the Government be pleased to place on the table a statement showing the number of officers, peons, etc., with their respective pay of each Province?

(e) Will the Government be pleased to state the reasons for introducing this additional expenditure in these days of retrenchment?

**The Honourable Sir Basil Blckett:** (a) The answer to the first part of the question is 'Yes.'

(b), (c) and (d) Statements giving the information asked for are laid upon the table.

With regard to part (e) the figures given in the statements which are laid in reply to previous portions of this question show merely the expenditure upon the whole-time income-tax staff. They take no account of the cost of the assessment and collection of the tax where the work was or is done by the revenue officers of the Local Governments. The collection and assessment of income-tax is a Central subject and it is no longer possible to arrange for the work being done through the agency of Provincial Governments. Moreover before the introduction of the Reforms the work had become too intricate to be carried out by the ordinary Provincial revenue staff in addition to other duties, and it was necessary to entertain special whole-time officers in increasing numbers. The all-India Income-tax Committee in paragraph 61 of their report placed on record their opinion that "a matter of greater importance than the amendment of the Act is the increase in the number and efficiency of the staff which should consist of officers of the highest training and integrity. The department should include experts of high standing trained in accountancy whose remuneration should be such as to reflect the market value of their professional experience and attainments." The entertainment of the additional staff has not only resulted in greater convenience to assesses but the cost of the staff has been more than covered by the resultant increase in the receipts.

*Statement showing the details of the Income-tax Department in the various Provinces.*

#### MADRAS.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 4 Assistant Commissioners of Income-tax on 1,000—100—1,500.
- 33 Income-tax Officers on 300—40—500—50—900.
- 29 Accountants, 21 (100—10—250), 8 (110—10—260).
- 18 Surveyors on 150—5—200—10—300.
- 201 Clerks, typists and stenographers on pay ranging between Rs. 35 and 210.
- 2 Shroffs on Rs. 23—35.
- 154 Peons on pay ranging between Rs. 12 and 25.

#### BOMBAY.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 5 Assistant Commissioners of Income-tax, 1 (1,500—100—2,000) and 4 (1,000—100—1,500).
- 37 Income-tax Officers 1 (1,000—100—1,500) and 36 (300—50/2—900).
- 46 Inspectors and Sub-Inspectors, 22 (200—25/2—500), 6 (150—25/2—325), 9 (150—15—225) and 9 (115—5—150).
- 60 Examiners and Assistant Examiners, 1 (550—25—700), 26 (225—25/2—500); 8 (175—25/2—325), 14 (150—15—225), and 11 (115—5—150).
- 284 Clerks, typists and stenographers on pay ranging between Rs. 30 and 450.
- 33 Bailiffs, 10 (100—5—150), 9 (75—5—100), 10 (50—3—65), 4 (40—2—50).
- 250 Notice servers and peons on Rs. 14—1—50.

BENGAL.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 6 Assistant Commissioners of Income-tax, 2 (1,500—100—2,000), and 4 (1,000—100—1,500).
- 67 Income-tax Officers on 300—50/2—900.
- 15 Assessors on 125—5—150—10—300.
- 247 Clerks, stenographers on Rs. 35—300.
- 6 Bailiffs, 1 (60), 3 (40), 2 (25).
- 190 Duftries and peons on Rs. 12—60.

UNITED PROVINCES.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 4 Assistant Commissioners on 1,000—100—1,500.
- 50 Income-tax Officers, 36 (350—30—800—25—900), 14 Assistant Income-tax Officers (250—12½—350).
- 216 Clerks and stenographers on Rs. 40—250.
- 131 Peons on Rs. 10/8 to 16.

PUNJAB.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 3 Assistant Commissioners of Income-tax on 1,000—50—1,500.
- 26 Income-tax Officers on 300—40—850.
- 6 Accountants on 120—7½—240.
- 50 Inspectors on 120—7½—240.
- 97 Clerks and muharirs on pay ranging between Rs. 30 and 350.
- 147 Peons on pay ranging between Rs. 14 and 18.

BURMA.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 1 Deputy Commissioner on 1,500—50—2,000.
- 2 Assistant Commissioners of Income-tax on 1,000—100—1,500.
- 18 Income-tax Officers on 350—25—750—50—950.
- 10 Accountants, 2 (200—15—500); [1 (250—10—300), 7 (250)]—Temporary.
- 8 Inspectors on 200—10—300—25/4—325.
- 19 Examiners 8 (200—15—500), 11 (100—5—200—6½—250).
- 44 Clerks and stenographers on pay ranging between Rs. 40 and 300.
- 2 Bailiffs, one on Rs. 100 and one on Rs. 100—150.
- 44 Duftries, Process servers and peons on pay ranging between Rs. 12 and 40.

BIHAR AND ORISSA.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 1 Assistant Commissioner of Income-tax on 1,000—50—1,500.
- 10 Income-tax Officers on 300—50/2—900.
- 20 Inspectors on 100—5—200.
- 67 Clerks on pay ranging between Rs. 30 and 275.
- 79 Peons and duftries on pay ranging between Rs. 13 and 25.

CENTRAL PROVINCES.

- 1 Commissioner of Income-tax on 2,000—100—2,500.
- 2 Assistant Commissioners of Income-tax on 1,000—50—1,500.
- 13 Income-tax Officers on 300—900.
- 37 Inspectors, 12 (175—25/2—275), and 25 sub-Inspectors on (80—100—10/2—150).
- 6 Examiners on 175—25/2—275.
- 58 Clerks on pay ranging between Rs. 30 and 300.
- 78 Servants on pay ranging between Rs. 10 and 15.

## ASSAM.

- 1 Income-tax Officer on 275.  
 4 Clerks on pay ranging between Rs. 50 and 150.  
 3 Peons on Rs. 14—17.

## NORTH-WEST FRONTIER PROVINCE.

- 3 Income-tax Officers on 300—40—850.  
 2 Munims temporary on Rs. 100.  
 6 Inspectors on 120—7½—240.  
 10 Clerks on pay ranging between Rs. 30 and 125.  
 12 Peons on Rs. 14.

## DELHI.

- 1 Income-tax Officer on 300—40—850.  
 1 Munim on Rs. 100.  
 2 Inspectors on 120—7½—240.  
 7 Clerks on pay ranging between Rs. 30 and 125.  
 4 Peons on Rs. 14.

*Statement showing the expenditure incurred under "2—Taxes on income" in the various Provinces during 1919-20 to 1921-22.*

Provinces.	1919-20.	1920-21.	1921-22.
	Rs.	Rs.	Rs.
India, General . . . . .	48,966	44,855	51,467
Baluchistan . . . . .	...	...	...
North-West Frontier Province	4,439	18,325	22,511
Madras . . . . .	1,49,341	3,48,722	4,40,836
Bombay . . . . .	4,42,885	5,84,630	6,63,927
Bengal . . . . .	2,66,623	3,11,468	3,81,301
United Provinces . . . . .	2,64,601	3,72,169	4,84,059
Punjab . . . . .	1,09,818	2,07,814	3,34,507
Burma . . . . .	1,21,772	1,46,335	1,75,908
Bihar and Orissa . . . . .	52,165	64,257	1,01,359
Central Provinces . . . . .	61,782	82,430	2,04,673
Assam . . . . .	4,927	5,295	7,103
<b>Total</b>	<b>15,27,269</b>	<b>21,86,350</b>	<b>28,70,656</b>

*Statement showing the cost of the income-tax staff in the various Provinces.*

	Rs.
Madras . . . . .	8,00,000
Bombay . . . . .	15,50,000
Bengal . . . . .	10,81,900
United Provinces . . . . .	7,61,000
Punjab . . . . .	7,06,000
Burma . . . . .	5,35,600
Bihar and Orissa . . . . .	2,71,600
Central Provinces . . . . .	4,27,600
Assam . . . . .	13,200
North-West Frontier Province . . . . .	73,000
Delhi . . . . .	21,700

**EXCLUSION OF MEMBERS OF THE INDIAN LEGISLATURES FROM THE WARRANT OF PRECEDENCE.**

444. \***Rai T. P. Mukherjee Bahadur:** (a) Are the Government aware that in the "Warrant of Precedence" issued last year, no place has been given to the Members of Indian Legislatures which they had before?

(b) Will the Government be pleased to state the reasons for it?

**The Honourable Sir Malcolm Hailey:** (a) Yes. The Honourable Member however is mistaken in supposing that Members of the Indian Legislature as now constituted had a place in the old warrant. The fact that Members of the old Legislative Council were assigned a specific place was a relic of the position under which such Members were persons added to the Executive Council when it sat for Legislative purposes.

(b) It was desired to treat Members of the Legislature in India in exactly the same way as Members of the House of Commons in England who have no such precedence. The warrant is primarily intended to regulate the position of officials holding appointments in India.

**Mr. J. Chaudhuri:** I may mention for the information of the Honourable the Home Member that most of the Members of this House are not anxious for any warrants of precedence. My Honourable friend does not represent the sentiments of this House.

**INCOME FROM SALE OF POST CARDS.**

445. \***Rai T. P. Mukherjee Bahadur:** (a) Will the Government be pleased to state the amount of sale-proceeds of post cards from 1922 April to the present time and also the amount of sale-proceeds of post cards for the year 1920-21?

(b) Has the Government received the estimated amount budgeted last year by the sale-proceeds of post cards?

(c) If not, how much has it fallen short?

**Colonel Sir Sydney Crockshank:** (a) Separate information regarding the revenue from the sale of post cards is not available, but it may be stated that the gross amount realised from the sale of ordinary postage stamps and postal stationery of all kinds (excluding the amount attributable to telegraphic traffic) for the period from April to December, 1922, was Rs. 343.56 lakhs as compared with Rs. 280.55 lakhs for the corresponding period of 1921.

(b) and (c) As already stated, separate figures in respect of post cards are not available. The increase in revenue due to the enhancement of the postage rates on letters and post cards will probably fall short of the estimate by between 70 and 80 lakhs of rupees.

**FREE RAILWAY PASSES.**

446. \***Sir Deva Prasad Sarvadhikary:** (a) Is it a fact that all classes of officers of the Railway Board are granted free passes as well as Privilege Ticket Orders over all Railways in India?

(b) If so, will the Government be pleased to state why and under what circumstances this special concession is granted to the Railway Board staff? Is this concession allowed to other employees of the Imperial Secretariat in other Departments?

(c) What is the total cost of the passes and P. T. Os. granted to the employees of the Railway Board during the last 12 months and how is this expenditure met? To what accounts are they debited in case of State Railways?

(d) Has the Government taken this factor into consideration in fixing the salary of the Railway Board's employees? If not, will the Government be pleased to state the reason for this preferential treatment?

(e) Will the Government be pleased to consider the question of extending this concession to their confrères in other Departments of the Government of India?

(f) Is Government aware that the staff of the Railway Board avail themselves of railway passes for the journeys of their families to their home and back and at the same time draw separation allowances during the Delhi Season, whereas the staff of the other Departments of the Government of India under similar circumstances do not enjoy this concession?

(g) If the answer to the above is in the affirmative, will the Government please explain the cause of this inequality?

**Mr. C. D. M. Hindley:** (a) Yes, subject to a limit of 2 passes per annum and at the discretion of Railway Administrations concerned.

(b) This is an ordinary condition of Railway service all over the world. It is not applicable to anyone outside the Railway Department.

(c) No money account is maintained and Government are therefore unable to state the cost.

(d) Yes.

(e) No, in view of what is stated in reply given to Part (a).

(f) Yes, subject to condition referred in reply to Part (a).

(g) As already stated the privilege is a usual incident of Railway service.

#### EXPENDITURE UNDER "SUPPLY AND SERVICES" AND "CONTINGENCIES."

447. **\*Sir Deva Prasad Sarvadhikary:** Will the Government please lay on the table a statement showing:

(1) expenses during the last 3 years under the heading

(a) supply and services,

(b) contingencies.

(2) Is it not a fact that contingency expenditure has considerably increased?

**The Honourable Sir Basil Blackett:** (1) and (2) Full details of expenditure on supplies and services and contingencies will be found in the demand statements placed before this House.

#### EXPENDITURE ON LEAVE AND ALLOWANCES.

448. **\*Sir Deva Prasad Sarvadhikary:** Would the Government please lay on the table a statement showing the:

(a) budget allotments and actual expenditure on leave and allowances during the last 3 years?

(b) what has been done with the balance under this head in each of the different departments?

**The Honourable Sir Basil Blackett:** (a) Separate figures of actual expenditure for leave allowances are not available as the expenditure is included under salaries in the accounts.

(b) The unspent balance of the budget grant for leave allowances would lapse unless reappropriated for other expenditure and the rules provide that such reappropriation cannot be made from the head "Salaries" without the sanction of the Finance Department.

EXPENDITURE OF DIFFERENT DEPARTMENTS.

449. **\*Sir Deva Prasad Sarvadhikary:** Would the Government please lay on the table a statement for 3 years showing the expenditure for every year out of the budget allotments of the different departments during the last fortnight of March of every year?

**The Honourable Sir Basil Blackett:** I regret that it is not possible to furnish the information as the Government accounts are only kept month by month.

AUCTION SALE OF WAGONS OF UNCLAIMED COAL.

450. **\*Mr. N. M. Joshi:** With reference to the answer given on 20th January, 1923, to starred question No. 204, will Government kindly ascertain and inform the House of the facts of the auction sale of wagons of unclaimed coal?

**Mr. C. D. M. Hindley:** Inquiry has been made and the result will be communicated to the Honourable Member in due course.

PERCENTAGE OF DEPRECIATION IN A FLOUR MILL.

451. **\*Mr. Pyari Lal:** In the Income-tax Manual 1922, the percentage of depreciation given for a flour mill on page 42, is 6½. Will the Government be pleased to say for how many daily working hours is this percentage allowed?

**The Honourable Sir Basil Blackett:** The percentage is a fixed percentage for the trade and does not vary with the number of working hours.

PROFIT AND LOSS STATEMENT FOR INCOME-TAX PURPOSES.

452. **\*Mr. Pyari Lal:** (a) Is the Government aware that the Income-tax Commissioner, Punjab, has approved the following three Firms of Accountants for the preparation of Profit and Loss statement for Income-tax purposes?

- (i) Messrs. Nisson Digneese & Co.
- (ii) Messrs. Basant Lal & Sons.
- (iii) Messrs. Aiyer & Co.

(b) Is the Government aware that the majority of the Indian Firms keep their Accounts in Hindi?

(c) Is it a fact that none of the approved Accountants undertake the audit of Hindi Accounts?

(d) Will the Government be pleased to state why the Firm of Messrs. Sodhbans & Co., Lahore, is excluded from the list of approved accountants?

(e) Will the Government be pleased to specify the considerations on which this approval is extended to practising Firms of certified Accountants?

(f) Is the Government aware that the inability of all the approved Accountants in Punjab, to audit Hindi Accounts has led to great inconvenience to those Firms who keep their Accounts in Hindi?

(g) Will the Government be pleased to reconsider the appointment of approved Accountants for Income-tax purposes in the Punjab with a view to include therein firms capable to audit Hindi Accounts?

**The Honourable Sir Basil Blackett:** The information is being called for and will be supplied to the Honourable Member as soon as available.

#### ELECTRIC INSTALLATION AT AMBALA.

453. **\*Mr. Pyari Lal:** (a) Has the attention of the Government been drawn to an article in the *Cantonment Advocate* of 10th January, 1923, under the heading "Electric Installation at Ambala"?

(b) Is it a fact that a contribution of Rs. 60,000 has been made to the Ambala Electric Installation from the Cantonment Fund?

(c) Is it a fact that a sub-committee was appointed to suggest the portion of the Sadder Bazar where the Electric power was to be supplied, which submitted its report some six months ago?

(d) Will the Government give reasons why the Electric power has not yet been supplied to Sadder Bazar, whereas it has been supplied to the Mall Road, the Staff Road, etc.?

**Mr. E. Burdon:** (a) Yes.

(b) No.

(c) Yes.

(d) It has not yet been found practicable to supply electric power either to the Sadar Bazar or to the rest of the cantonment.

#### PURCHASE OF PETROL BY GOVERNMENT DEPARTMENTS.

454. **\*Mr. E. A. Spence:** (1) In reference to the reply to question No. 354 on 16th February, 1923, will Government state the prices paid in Rangoon and Calcutta or Bombay by the Military authorities or the Postal Department for direct petrol supplies in the years 1915 to 1922?

(2) Has any Department of Government including the Military authorities, a direct contract with any of the oil companies for the supply of petrol, and if so, on what terms?

(3) Have Government at any time (a) approached the oil companies in India and Burma for special terms, and (b) invited tenders for the supply of petrol from companies operating in India, Burma and other parts of the world?

(4) Are Government aware that the Asiatic Petroleum Company who have no oil refinery in India or Burma effect large sales of petrol in India approximating it is commonly reported to over 30 per cent. of the total annual consumption?

(5) If the answer is in the affirmative has Government any information as to the source of the supplies and what import duty is collected thereon as it is noted from the reply to question 356, that the imports in 1921-22 only amounted to 1,348 gallons?



(6) Will Government consider making strong representations to the Burma Oil Company Limited, with a view to securing a substantial reduction on present prices?

(7) Have Government any information as to the cost of production of petrol in India and Burma and whether the declared value of Rs. 18,91,246 on the exports for 1921-22 equal to about 1½ annas per gallon is a correct figure?

**The Honourable Mr. C. A. Innes:** 1 and 2. The military authorities do not think it advisable to disclose the prices at which their contracts have been placed, but I take the opportunity of correcting an error in my answer to the Honourable Member's question of the 16th February. Since that answer was given I have ascertained that apart from the rebate of excise duty the prices paid by the military authorities are slightly below the ordinary market rates for motor transport spirit in Calcutta. A statement is laid on the table showing the prices paid in Calcutta by the postal authorities since 1915.

3. (a) The Controller of Contracts has approached the oil companies.

(b) Tenders have been called for by State Railways and also at different times by the Post and Telegraph Department.

4 and 5. The Government are aware that petrol is sold in India by the Asiatic Petroleum Company and they understand that this petrol is obtained from Burma. No import duty is levied on such petrol.

6. As at present advised the Government doubt whether any useful purpose would be served by adopting this suggestion.

7. Government have no information as to the cost of the production. In respect of the latter part of this question the Honourable Member's attention is invited to the reply given to a similar question on January 15th last.

**Mr. R. A. Spence:** Is the motor spirit bought by the military what is known as commercial spirit,—is it petrol in tins or petrol supplied in bulk?

**The Honourable Mr. C. A. Innes:** There are two kinds—the motor transport spirit and the aviation spirit. In what form it is bought or sold, I do not know.

**Mr. B. S. Kamat:** With reference to sub-clause (2) of this question, is it a fact that the Petrol Companies allow a better discount to trades people than to the military authorities although the spirit supplied to the military authorities is much more in quantity than that taken up by the ordinary trades people?

**The Honourable Mr. C. A. Innes:** I have no exact information, but I understood the military got the benefit of the reduction in price given to all large bulk purchases.

#### ACQUISITION OF LAND FOR THE VIZAGAPATAM HARBOUR SCHEME.

455. **\*Rai Bahadur G. C. Nag:** With reference to the answer given on 15th January, 1923, to unstarred question No. 40, is it a fact that the amount of Rs. 11,80,175 spent towards acquisition of land for the Vizagapatam Harbour Scheme to the end of 1921-22 has been met from borrowed funds and that interest thereon is and will be accumulating until the Scheme materializes; if so, why was land bought when the project itself is still under consideration?

**Mr. C. D. M. Hindley:** The answer to the first part of the question is in the affirmative; the object of acquiring the land was to prevent the inflation of the cost of the land by speculation which might lead to such an increase in the cost of the project as to seriously embarrass its further consideration.

RESEARCHES IN WIRELESS TELEGRAPHY AND TELEPHONY.

456. **\*Mr. W. M. Hussanally:** (a) Is it a fact that Khan Bahadur Habibur Rahman Khan, M.R.I., M.I.M.E., has been for sometime past engaged in researches in Wireless Telegraphy and Telephony?

(b) Has he ever applied for Government help in the matter of his researches?

(c) If yes, what help have the Government so far extended to him?

(d) Is there any other gentleman to the knowledge of Government employed in the same direction in India?

**Colonel Sir Sydney Crookshank:** (a) Khan Bahadur Habibur Rahman Khan, M.R.I., M.I.M.E., has been a licensee of Government for the purpose of research on his own account in radio telegraphy and telephony since March 1922 but no information is available as to the use which has been made of the license.

(b) Yes.

(c) In April and October 1912 and again in May 1918 he was offered facilities to experiment in the Post and Telegraph Storeyard at Calcutta, but no advantage was taken of these offers.

In August 1920 he asked for a license and help in the way of apparatus and loan of staff and other expenses. He was granted "permission" to continue his "research" work but was told that no help of men or money could be guaranteed him.

In October 1920 he again asked for apparatus and expenses and was given the same reply.

In March 1921 he applied for a permit to purchase and import wireless apparatus but apparently was unable to purchase such.

Finally, in March 1922 he was the first person to whom a license was granted.

He recently sought further facilities and financial aid and was informed that such could only be considered if he would demonstrate the possibilities or utility of his alleged discoveries. It is understood that he is unwilling to afford such a demonstration.

(d) The direction of his experiments is unknown. Eleven other licensees of Government are in possession of experimental licenses.

**Mr. K. Ahmed:** May I hand over a pamphlet by Khan Bahadur Habibur Rahman Khan, whose services have already been recognised, but the importance of whose research work Government is neither fully aware of, nor has at all appreciated?

**Colonel Sir Sydney Crookshank:** I shall be very pleased to receive this pamphlet.

(Pamphlet was handed over by Mr. Ahmed.)

**Mr. K. Ahmed:** Will the Government be pleased to consider the desirability of granting any other additional help and monetary assistance to Khan Bahadur Habibur Rahman Khan in connection with the admirable researches which he is conducting?

**Colonel Sir Sydney Crookshank:** We are already in touch with this gentleman and we have asked him to tell us in what direction we can help him. He has not, so far, shown us how we can help in any way, and he is not prepared to state exactly what he wants. If he were to do so, we should be very pleased to help as far as possible, provided we did not go to any expense unless we saw that his research work was in a direction which was likely to be useful.

**Mr. K. Ahmed:** Is it not a fact, Sir, that in the correspondence which the Government of India had with him they informed him that he had made these researches and that he was within his rights in asking for monetary help of the Government similar to the research grants made to other people for research work on the same lines?

**Colonel Sir Sydney Crookshank:** Sir, I am not aware that Government has made any monetary advances to anybody else in this field of research. As I pointed out, every facility has been offered to this gentleman: he has been told that, if he wishes to go down to Karachi, he will be helped down there in the Wireless School. He has taken no advantage whatever of the offers which have been made to him.

**Mr. K. Ahmed:** Will the Government be pleased to inform this gentleman, Khan Bahadur Habibur Rahman Khan, that, in response to the appeal made to the Government of India, the Government are able to give him assistance in any way he desires?

**Captain E. V. Sassoon:** Sir, is it not a fact that the Government have offered to allow this gentleman an opportunity of proving his contentions and that he has not taken advantage of the offer of the Government?

**Colonel Sir Sydney Crookshank:** That is so.

#### POOLING OF WAGONS.

457. **\*Mr. W. M. Hussanally** (a) Is it a fact that after the pooling of wagons was introduced on Indian Railways the East Indian and the Bengal-Nagpur lines have carried more traffic than before, whereas the other broad gauge lines have carried less in consequence of the pooling?

(b) Will Government please give the figures for all broad gauge lines from 1916-17 to 1921-22?

(c) Do these figures show that the first two lines have profited at the expense of the other lines?

**Mr. C. D. M. Hindley:** (a) The Honourable Member is referred to the answer given to Mr. K. C. Neogy to-day on the same subject.

(b) The figures are given in Volume II of the Railway Administration Reports, copies of which are available in the Library.

(c) No.

## COST OF THE POOLING OF WAGONS.

458. \***Mr. W. M. Hussanally**: (a) What is the total cost per year of the pooling of wagons?

(b) Who bears the cost?

(c) Has the gain been commensurate with the cost? If so, how?

**Mr. C. D. M. Hindley**: (a) The estimated cost of the establishment for the direction of the wagon pool, which is also employed for certain accounting and statistical work, is Rs. 1,20,000 a year, excluding an initial outlay of Rs. 7,000 for the purchase of furniture, registers, etc.

(b) The expenditure is divisible between the railway administrations parties to the wagon pool.

(c) Yes. Because it has enabled Railways to make better use of the rolling stock available and thereby facilitated the movement of traffic.

## EXTENSION OF THE DEOLALI CANTONMENT.

459. \***Mr. W. M. Hussanally**: (a) Is it a fact that the Cantonment of Deolali in the Bombay Presidency has been extended to the adjoining village of Bhugar?

(b) If so, when?

(c) Were objections invited from the residents of the village before the extension was sanctioned?

(d) Will Government be pleased to place on the table the correspondence relating to the extension?

2. (a) Is it a fact that on the representation of the people, they were excused payment of taxes levied in the Cantonment?

(b) Is it a fact that these taxes have been re-imposed on the villagers?

(c) If so, why?

(d) Will the Government be pleased to lay on the table the correspondence relating to the matter?

3. Is it a fact that in consequence of the re-levying of the taxes in question there is serious discontent among the people?

4. Is it a fact that they have in consequence observed *Hartal* for 45 days?

5. What do Government propose to do to allay the discontent?

**Mr. E. Burdon**: 1. (a) Yes.

(b) In November 1918.

(c), (d) and 2—5. The Government are making inquiries on the further points which are raised by these portions of the Honourable Member's question and I will communicate the result to the Honourable Member as soon as possible. When the correspondence has been concluded, I will also inform the Honourable Member whether that part of it to which he has referred can be laid upon the table.

## HEDJAZ PILGRIMS AND REPATRIATION OF DESTITUATES.

460. \***Haji Wajihuddin**: Will the Government be pleased to lay on the table a statement showing the numbers of outgoing Hedjaz Pilgrims in each of the last 10 years, also the numbers in each year who were repatriated

at the expense of Government or public bodies with the amounts spent by the Government of India in each year?

**The Honourable Mr. A. C. Chatterjee:** In 1913-14 and 1914-15 the pilgrims numbered 16,838 and 11,700. From 1915-16 to 1918-19 owing to the war the number of pilgrims was very small. It amounted to 7,764 for the four years period. From 1919-20 to 1922-23 the numbers have been 12,121, 22,689, 10,854 and 12,550 respectively. The Government of India have not full information about the numbers repatriated from year to year. But 500 were so treated in 1921-22 at a cost to Government of Rs. 40,000. In 1922-23 the Central Haj Committee repatriated 1,054 persons at a cost of Rs. 29,664-11 as stated in my reply to a question on the subject put on 16th January 1923.

FIRING OF TIME GUN AT 12 NOON IN THE MEERUT CANTONMENT.

461. **\*Haji Wajihuddin:** Will the Government be pleased to state (a) why firing of Gun at 12 noon has been stopped in Meerut Cantonment, (b) In how many other places this scheme has been adopted, (c) What amount is spent in each firing, (d) What amount was budgeted and how much spent during the year, (e) Why it was not stopped in Delhi?

**Mr. E. Burdon:** (a) So far as the Government of India are aware, no orders have been issued to stop the firing of the time gun in the Meerut Cantonment.

(b) and (e). No orders have been issued stopping the firing of time guns at any of the other stations for which these guns are normally authorised.

(c) Approximately Rs. 1/8 per round of blank ammunition but the cost depends on the nature of the ordnance used.

(d) Figures of the actual cost are not available, but approximately a sum of Rs. 50,000 is budgeted for.

SEPARATION OF SUDDER BAZAR FROM THE MEERUT CANTONMENT.

462. **\*Haji Wajihuddin:** What has been decided regarding the separation of Sudder Bazar from the Cantonment of Meerut and whether the introduction of Hydro-Electric system under progress will be extended to Sudder Bazar?

**Mr. E. Burdon:** No decision has yet been arrived at on the question of the separation of the Sudder Bazar from the cantonment area. As regards the second part of the question, I stated on the 22nd September last in reply to the Honourable Member's question No. 228, that it had been decided that the Cantonment should not participate in the joint hydro-electric scheme. The separate cantonment scheme is still under consideration and it cannot yet be said whether it will be possible to include the Sudder Bazar in it or not.

MUHAMMADANS ON THE S. A. S. OF THE POST AND TELEGRAPH ACCOUNT DEPARTMENT.

463. **\*Haji Wajihuddin:** Referring to the reply given to my interpellation on 25th January, 1922, will the Government be pleased to state whether any steps have since been taken to make the adequate representation of the Mohammadans on the Sub-Account Service of the Post and Telegraph Account Department?

**The Honourable Sir Basil Blackett:** The information is being collected and will be furnished to the Honourable Member as soon as possible.

RUINED MOSQUES AND GRAVEYARDS AROUND THE NEW SECRETARIAT BUILDINGS.

464. **\*Haji Wajihuddin:** Will the Government be pleased to lay on the table a detailed statement showing location of all the ruined mosques and graveyards within a radius of 7 miles from New Secretariat Buildings under construction and whether a portion of or any of them has been demolished or sanction of repairs disallowed and if so, why?

**The Honourable Sir Malcolm Hailey:** The area specified comprises not only the whole of the present city of Delhi and its suburbs to the north, but also the sites of the six previous cities of Delhi beyond the Kutub to the south. In this area there are innumerable ruins of graveyards, mosques and tombs. Government are not prepared to undertake the expense of preparing such a detailed statement as the question indicates.

**Mr. K. Ahmed:** Is it not a fact, Sir, that the Honourable the Home Member, only last week, I suppose, promised when I handed over to him a vernacular circular printed in Urdu saying that there were demolitions of the mosques and disallowance of sanction by the Chief Commissioner of Delhi with regard to certain mosques?

**The Honourable Sir Malcolm Hailey:** The circular referred to certain allegations that the mosques were being demolished. The present question relates to the preparation of a survey of a very large area containing very numerous ruins. The two questions are not, I think, connected.

**Mr. K. Ahmed:** Do I understand, Sir, that the Honourable the Home Member is not keeping up his promise?

**The Honourable Sir Malcolm Hailey:** No, Sir; the Honourable Member must not understand that.

**Mr. K. Ahmed:** Is it not a fact, Sir, that the Honourable Member did promise in this Assembly last week when I handed over that circular to him, that he will take proper steps to remove the anomaly?

**The Honourable Sir Malcolm Hailey:** I promised that I would make inquiry, and the inquiry is not yet complete.

OPENING OF PORT OF CALCUTTA FOR OUTGOING HEDJAZ PILGRIMS.

465. **\*Haji Wajihuddin:** What arrangements are being made to have the port of Calcutta opened for the outgoing Hedjaz Pilgrims as was recommended by the Assembly in the last winter Session at Delhi?

**The Honourable Mr. A. C. Chatterjee:** The question is under consideration in consultation with the Government of Bengal.

**Mr. K. Ahmed:** Is there any arrangement, Sir, or any scheme set on foot or under contemplation for starting the port of Chittagong in Eastern Bengal?

**The Honourable Mr. A. C. Chatterjee:** This question does not arise.

DISTRICT HAJ COMMITTEES IN INDIA.

466. \***Haji Wajihuddin**: Will the Government be pleased to lay on the table a list of all District Haj Committees in India showing names of Chairman and Secretaries also the work done by each of them during the last 10 years, also the amount of funds available with them and the amounts of contributions (if any) given by them during the said period to help destitute Indian Pilgrims for return journey from Jeddah?

**The Honourable Mr. A. C. Chatterjee**: I understand that District Haj Committees have been formed by Local Governments in many provinces. The Government of India do not possess the detailed information required by the Honourable Member.

UNSTARRED QUESTIONS AND ANSWERS.

2ND CLASS WAITING ROOMS AT VICTORIA TERMINUS.

213. **Khan Bahadur Sarfaraz Hussain Khan**: (a) Is it a fact that the station Victoria Terminus on the G. I. P. Railway is not provided with 1st and 2nd class waiting rooms for gentlemen passengers?

(b) If so, why so, and

(c) Will the Government be pleased to state what action they propose to take to remove this grievance of the travelling public?

(d) Will the Government be pleased to state the number of 1st and 2nd class tickets sold at that station during the year 1921-22?

**Mr. O. D. M. Hindley**: (a), (b) and (c). I would refer the Honourable Member to the reply given on the 15th September 1921 to Question No. 197 asked by Mr. B. S. Kamat on the same subject.

(d) The number of first and second class tickets sold at the Victoria Terminus Station during the year 1921-22 was as follows:

	1st Class.	2nd Class.
Passengers . . . . .	47,435	180,015
Season tickets . . . . .	345	4,928

GUARD OVER LANSDOWNE BRIDGE, SUKKUR.

214. **Mr. W. M. Hussainally**: (a) Is it a fact that the Lansdowne Railway bridge at Sukkur is being guarded by the military ever since the war?

(b) If so, is it a fact that there have been complaints against the guard interfering with men and women pedestrians over the bridge?

(c) Why is it necessary to maintain this guard now that the war is over?

(d) Who pays for the guard, the Army Department or the Railway?

(e) If a guard is necessary why cannot a guard of the Railway Police be substituted?

**Mr. O. D. M. Hindley**: The matter is under enquiry and a reply will be sent to the Honourable Member later.

## CLOSING OF LANSDOWNE BRIDGE.

215. **Mr. W. M. Hussanally:** (a) Is it a fact that the Lansdowne Railway Bridge, Sukkur, is closed at 6 P.M. to vehicular and pedestrian traffic?

(b) Is it a fact that the public have made representations for extending the time of closure to 9 or 10 P.M.?

(c) Are the Government aware that the Indus at this point separates the two large and populous towns of Sukkur and Rohri, and that there is a considerable amount of vehicular and pedestrian traffic over the bridge?

(d) What are the objections to keeping the bridge open to such traffic up to 9 or 10 P.M.?

(e) If not, do the Government propose to issue orders that the convenience of the public be respected in this matter?

**Mr. C. D. M. Hindley:** (a) and (c). The reply is in the affirmative.

(b) No such representations have been received by any of the head offices of the railway.

(d) For the safety of the public no vehicular and pedestrian traffic can be permitted after dark.

(e) The convenience of the public is given every respect consistent with the safe use of the bridge as a means of railway communication.

## LINKING OF BOMBAY AND KARACHI BY RAIL.

216. **Mr. W. M. Hussanally:** (a) Is it a fact that there was a proposal before the war to link Bombay and Karachi by a broad gauge of Railway through the Runn of Cutch or passing by the Runn?

(b) Is it a fact that the Rao of Cutch would not allow the railway to pass through his territory?

(c) Is it a fact that the project has been all along held up on that account?

(d) Have any efforts been made since to obtain his consent?

(e) If not, has the project been definitely given up?

(f) If so, which is the next best route proposed?

(g) Is there any likelihood of any such line being constructed within the next few years?

**Mr. C. D. M. Hindley:** The Honourable Member is referred to the reply given on the 22nd September 1921 to his unstarred question No. 9 on the same subject. The survey of the line has since been resumed and is now in progress.

## BROAD GAUGE CONNECTION BETWEEN KARACHI AND DELHI.

217. **Mr. W. M. Hussanally:** (a) Was there any proposal to connect Karachi and Delhi by a broad gauge before the war by converting the J. B. Railway?

(b) Why was the proposal abandoned?

(c) Is there any likelihood of connecting Karachi with upper India within the present generation?

(d) What was the route then proposed and now finally adopted?



**Mr. C. D. M. Hindley:** (a) to (d). Karachi is already connected with Delhi by a Broad Gauge Railway. The practicability of providing a more direct connection has been the subject of investigations for several years. Two main alternatives have been considered, *i.e.*, (a) the conversion of the metre gauge between Agra and Hyderabad and (b) conversion of the metre gauge between Hyderabad and Balotra in continuation of a new broad gauge line east of Balotra. No final decision as to the best alignment has been arrived at. The cost of either scheme would be very considerable and it is not possible for Government to say when funds will be available.

#### REFRESHMENT ROOMS ON N.-W. RAILWAY.

218. **Mr. W. M. Hussanally:** (a) How many Refreshment Rooms for Hindus and Mohammadans are there on the N.-W. Railway?

(b) Was there formerly a Refreshment Room at Dadu? Has it been abolished now? If so, why?

(c) Is it proposed to re-open it again?

(d) Is there any Refreshment Room for Hindus or Mohammadans in the Sind Section of N.-W. Railway?

(e) If not, do Government propose to open any at Rohri, Sukkur, Ruk, Shikarpur, Kotri, Hyderabad or Karachi?

**Mr. C. D. M. Hindley:** (a) There are eleven Hindu and ten Mohamadan refreshment rooms on the North-Western Railway.

For the names of the stations at which these rooms are provided the Honourable Member is referred to the North-Western Railway Time and Fare Table.

(b) and (c). Government have no information but enquiry will be made.

(d) The reply is in the negative.

(e) Government understand that it is proposed to open, in due course, refreshment rooms for Indians at Rohri, Ruk and Hyderabad.

#### CONTRACT OF REFRESHMENT ROOMS, N.-W. RAILWAY.

219. **Mr. W. M. Hussanally:** (a) Is it a fact that Messrs. Naser Wangee & Co. of Karachi, held the contract of Refreshment Rooms and Dining Cars on the N.-W. Railway for many years?

(b) Is it a fact that one Sheikh Jalalud-Deen had the Kotri Refreshment Room sub-let to him by Messrs. Naser Wangee & Co., and conducted the same for several years?

(c) Is it a fact that the Railway had leased to him the Tea Room at Jungshahi, which he conducted for several years?

(d) Is it a fact that the contract of Messrs. Naser Wangee & Co. was terminated recently? If so, why?

(e) Is it a fact that on termination of contract of the above firm no tenders or applications were invited from the public by advertisement or otherwise but the business was entrusted to a European firm of Madras?

(f) If so, why?

(g) What were the terms of the contract with Messrs. Naser Wangee & Co., and what are the terms of the contract with this new firm (Messrs. Spencer & Co.)?

(h) Was there no European or Anglo-Indian available all over Sind and Punjab, to be entrusted with this business, if a European was necessary?

(i) Is it a fact that when Messrs. Naser Wanjee & Co., were deprived of their business, Sheikh Jalalud-Din was not only deprived of Kotri but also of Jungshahi Tea Room which he held independently?

(j) If yes, what were the reasons?

(k) Is it a fact that he made several applications against the deprivation to the Railway but without effect?

(l) Is it a fact that since Messrs. Spencer & Co. have taken up the business there have been several complaints specially by Indian passengers against incivility and want of attention shown to them by their servants?

**Mr. C. D. M. Hindley:** (a) Yes.

(b) The Railway Authorities have no knowledge of this. Messrs. Naser Wanjee's contract contained a clause prohibiting subletting under the penalty of termination of contract.

(c) Sheikh Jalaludin worked Jungshahi tea room for some years on the usual arrangement for Khansamah run tea rooms subject to one month's notice.

(d) Yes. Messrs. Naser Wanjee and Company resigned giving 6 months' notice on the 20th May 1922.

(e) Yes.

(f) In the interests of the travelling public it was considered advisable to employ a firm with large resources and of known experience in successful railway catering.

(g) The agreement with Messrs. Naser Wanjee and Company was for an indefinite period subject to termination at 6 months' notice on either side and the agreement with Messrs. Spencer and Company has been drawn up on the same lines.

(h) A number of firms in the Punjab and elsewhere put in applications for the contract but it was given to Messrs. Spencer and Company, for the reasons mentioned in answer to (f) above.

(i) Messrs. Naser Wanjee and Company resigned—*vide* answer to (d) above. Sheikh Jalaludin was given notice at Jungshahi in October 1922.

(j) His services at Jungshahi were no longer required.

(k) No such applications have been received by the Agent, North-Western Railway. Sheikh Jalaludin, however, asked for a recommendation to Messrs. Spencer and Company, which was given, and it is understood that he is now in Messrs. Spencer's employment as Manager of one of their refreshment rooms.

(l) On the contrary, general satisfaction has been expressed at the marked improvement in the North-Western Railway catering arrangements.

#### RATES FOR CARRIAGE OF RAILWAY COAL.

220. **Mr. N. M. Joshi:** With reference to the answers given last month to unstarred questions Nos. 80 and 98, is it a fact that the rates for the

carriage of railway coal were reduced from 1st April, 1920, without any calculations having been made as to the net gain or loss to Government from the reduction?

**Mr. C. D. M. Hindley:** No. The rates for carriage of railway coal were not reduced on 1st April 1920 but the rates for public coal were increased from that date.

#### DR. GOUR'S MARRIAGE BILL.

221. **Lala Girdharilal Agarwala:** Will Dr. Gour be pleased to state whether his attention has been invited to a note in the *Nation* of Lahore, dated the 15th February, 1923, at page 2, headed "Dr. Gour's Marriage Bill—Delhi Hindus' Protest"?

**Dr. H. S. Gour:** The answer is in the negative.

#### INCHCAPE COMMITTEE'S REPORT.

**Mr. T. V. Seshaguri Ayyar** (Madras: Nominated Non-Official): May I ask the Leader of the House whether the Government will give us a special opportunity for discussing the Inchcape Committee's Report apart from the opportunities we may have of discussing along with the Budget?

**The Honourable Sir Malcolm Hailey** (Home Member): As the House is well aware it will be exceedingly difficult to give any time up till about the 25th or 26th of the present month, as all the days are fully engaged for discussions connected with the Budget. If we gave time after that, it would mean prolonging the sittings of the Assembly. I will, however, bear this in mind and see if it is in any way possible to make any arrangement. But I may say that Government thought that the best opportunity for discussion on the Inchcape Committee's Report would be in the course of the general discussions and during the discussions on the Demands for Grants.

#### MESSAGE FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, the following Message has been received from the Secretary of the Council of State:

*"I am directed to inform you that the Bill further to amend the Code of Criminal Procedure, 1898, the European Vagrancy Act, 1874, the Indian Limitation Act, 1908, and the Central Provinces Courts Act, 1917, in order to provide for the removal of certain existing discriminations between European British subjects and Indians in criminal trials and proceedings, which was passed by the Legislative Assembly at its meeting on the 21st February 1923, was passed by the Council of State at its meeting on the 1st March 1923 with the amendments indicated in the attached statement. The Council of State requests the concurrence of the Legislative Assembly in the amendments."*

Sir, I lay on the table the Bill as amended by the Council of State.

## GENERAL DISCUSSION ON THE BUDGET.

### FIRST STAGE.

**Mr. President:** We shall now proceed to the general discussion of the Budget, and for the purposes of Rule 41, I appoint 15 minutes as the time-limit for speeches.

**Dr. H. S. Gour** (Nagpur Division: Non-Muhammadan): Is it for to-day, Sir, or for to-day and to-morrow? Do I understand the Chair to appoint 15 minutes as the time-limit for speeches for to-day only or for to-day and to-morrow?

**Mr. President:** I see the Honourable Member has last year's precedent in his mind. I appoint 15 minutes for to-day.

**Mr. S. C. Shahani** (Sind Jagirdars and Zamindars: Landholders): Sir, in the general discussion of this year's Budget, I must first give expression to my satisfaction with the character of the Budget generally. The budgets of the last five years have shown a deficit of 100 crores—a rake's progress undoubtedly to ruin. This year's Budget shows that the rake has realised his peril and begun the safe policy of balancing his revenue and expenditure. I am not going to content myself with singing the praises of the new budget, however carefully and well it has been squared. It will be my endeavour to-day to draw the attention of the Honourable the Finance Member to what have appeared to me to be the chief defects in the Budget of the present year. The first unsatisfactory feature of the Budget, according to me, is that the rake is squaring his budget by taxing the poorest man. The general position that has been assumed is unexceptionable, namely, that the annual expenditure of India must come out of the savings of the country, whether on capital or revenue account. While no one will dispute this his general position, I think no one in the House will share the belief of the Honourable the Finance Member that the poor man in India has any margin of saving. The Finance Member is a new comer to India, if undoubtedly a very able new comer. I trust that he will take due note of the local conditions and quickly realise that the poor man in this country is indeed very badly off. It ought to be no news to him, for he must have generally acquainted himself by now with the actual condition of things here in India, when I come forward and say that most of the poor men in this country are already living a sub-human life. Judging from the condition of things on my own lands I must state that the poor people have often to go without two meals a day. They have no *pakka* or permanent houses to live in; they have no hospitals to go to when they fall ill; they have no mosque or temples to go to for daily prayers; and they have no schools for their children. This is the condition of things in India. So that when the budget is sought to be balanced by doubling the price of the poor man's salt, I must make bold to say that this is a very bad device. I think the best way to balance the budget would be to cancel the expected deficit of 4½ crores by making further cuts in the expenditure of the country. It is most gratifying to see that the Retrenchment Committee has been able to suggest a saving to the extent of 18 crores, (*A Voice*: "19½ crores") 19½ crores. But if we take into consideration the actual incorporation in the present budget of the reductions recommended by the Retrenchment Committee, we find that only 6½ crores have been reduced on the civil side and 5½ crores on the

military side, *i.e.*, 7 crores less than the Committee's recommendation. I might here in this connection state that it is a matter for pride for the Honourable the last Finance Member that he was able to so properly constitute the Committee of Retrenchment. Lord Inchcape, the Chairman of the Committee, has been prominent for his persuasive qualities. He has persuaded our Commander-in-Chief, our able Commander-in-Chief who, we are happy, is not merely a soldier but a statesman, to consent to a reduction of numbers in the military forces, both British and Indian. But for this consent I think we would have found it very difficult indeed to get the War Office to accept the reduction. I am not sure that the War Office has yet accepted the reduction; but I do know that the great man who is just now presiding over the military affairs of India has consented to the reduction, and should therefore think that it would be difficult for the War Office to refuse to accept the recommendations that may be said to have been jointly put forward by Lord Inchcape and His Excellency the Commander-in-Chief. While I say it is a matter for gratification to see such a joint effort made for the reduction of military expenditure, I think it my duty to point out that the proposed reduction is yet very inadequate. India has so far gone in for a very wasteful military expenditure. In no other country I think is such a large standing army ready for war maintained; and it has to be recognised that this large standing force with no reserves is maintained for the purposes of safeguarding the imperial interests in Asia, although England does not undertake to share the expense. The system of no reserve forces in India should be discontinued as early as possible. It is a novel system which does not obtain anywhere else in the world. It is also essentially necessary that the territorial forces should be organised from among the citizens of India. The Government of India will be able to materially reduce its military expenditure only then. I mention all this in order to show that the poor man's salt should not be doubled in price, but that further cuts should be gone in for especially on the military side of expenditure. But let us for one moment assume that these further cuts are not possible. If they are not possible, then what should be done? I respectfully submit that the cotton import duty should be raised from 11 to 15 per cent. (*Cries of "No, no."*) I hear "No, no", but you, Sir, would permit my expressing my views. I know what happened last year in this connection, and I know the impression left then upon the country. In the face of a terrible deficit, a proposal had emanated from Government to raise the cotton import duty, which had been found to be paying, from 11 to 15 per cent. I say in the face of such a deficit this Government proposal was dropped by the House. Nay, the House in discussing it trifled with it. A Member went the length of suggesting that the duty be raised from 11 to 11½ per cent. and so on. The impression on the country generally, I must respectfully point out, is that the interests of India are being subordinated to those of Lancashire and this impression will only receive some kind of confirmation, if even this year the price of the poor man's salt is doubled, and the course left open to the Government of India to supplement its revenue by an enhancement of the cotton import duty is not adopted. I remember very well last year injury to the interests of the consumer in the shape of high prices was urged as being the one great objection to this course being adopted. I know this is the main shaft in the quiver of those having vested interests here to wound protection with. You remember only a few days ago the amendment on the fiscal policy of India of the Honourable Mr. Innes was passed, though it omitted all reference to the policy of protection which has been after such careful consideration recommended for adoption by the Fiscal

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Commission. The Honourable Mr. Innes' ground was the one urged on the occasion of the debate on the enhancement of the cotton import duty by the Honourable Sir Campbell Rhodes, namely, that the interests of the consumer would suffer. I have got to point out that it is not a right view to contemplate a nation as being a body of consumers, rather than as a body of producers, that is to say, entities working in industry which while it supplies their needs also conduces to their growth by exercising their faculties. It is a wrong thing to imagine a nation as being merely a body of consumers. A vigorous national life will be impossible without industries; and for the sake of vigorous life, for the sake of our necessary growth in culture, skill and powers of united production, we ought to secure for ourselves, even at some sacrifice of material prosperity, the adoption of a bold national policy of industrialisation, which will not be possible at this stage if even reasonable import duties are not levied, and not levied on account of considerations which would be extraneous in their nature and which would not be in keeping with the real welfare of the people. This much for my first point. Then I pass on to the consideration of the Currency Exchange of the country, and of the attitude that has been assumed by the Finance Member in regard to this. As I have said, the Finance Member is a shrewd observer. He also has the reputation of being an expert in Currency and Exchange. He has in my opinion given us valid reasons for adopting just at this time a waiting policy. He says it would not be easy just now to stabilise the rupee-sterling exchange by fixing the rupee at 1s. 4d. True, but how about the intrinsic merits of this gold exchange standard. We expected some pronouncement upon it. Has it or has it not succeeded? Is it likely to succeed hereafter? My respectful submission is that our present Currency system of the gold exchange standard is essentially a managed system, that is to say, it is operating in consequence of the interference of the Government by sale of Council Bills and Reverse Councils. The Government seeks to link the rupee to the pound sterling at the rate fixed by itself. It is obvious that so long as this system remains in force, the Secretary of State, if he be so minded, can use his powers of management and control to manipulate the system to serve interests other than our own. The system must therefore be changed. We have all known the stress which devolved upon the system from the rise in the price of silver and other causes and how it broke down under that stress during the war. If this managed system did break down during the war, it should, according to me, be vigorously attacked; and the Honourable the Finance Member should give us the benefit of his opinion whether or not the system which was pronounced by the Chamberlain Commission in 1913 as being a most scientific system is really so. My opinion is that it is high time that we reverted to the system that was recommended by the Fowler Committee in 1898, namely, the gold standard and gold currency with notes based on gold and rupee a token coin and not the gold exchange standard. Even if the Finance Minister comes to the conclusion that at the present time we ought not to revert to the gold standard and gold currency as recommended by the Fowler Committee, I would request a further expression of opinion from him with regard to the interference of the Secretary of State in our present currency system. He has often managed it, by the issue of Council Bills and by other methods of transferring money to England for the payment of Indian liabilities there to the detriment of our commercial and industrial interests. Is it not right then that this power of management and control should be transferred

to the High Commissioner who is now an Indian and who, I trust, will hereafter be an Indian. He is the accredited agent of the Government of India and he should have the power to manage the necessary transferences rather than the Secretary of State who should be shorn of his power of mischief. The proper function of the Secretary of State is the management and control of the administration of India, and surely it is no proper function of his to govern the issue of Council Bills or to direct the adoption of other measures relating to our currency policy. I would now refer to one other subject, namely, the provincial contributions, which have been discussed to a certain extent, in the new Budget. The Honourable the Finance Member has told us that the present is not the time to consider the reduction of the Provincial contributions. He, however, shrewdly refers to a recent pronouncement on this point by the Government of India. He tells us that the Government have very plainly laid it down that these provincial contributions shall be reduced and eventually extinguished. I feel thankful for this his statement. I should have liked it very much if he had added reasons as to why these provincial contributions should be abolished. My idea is that the provincial contributions should not be continued because of our goal which is autonomy or responsible Government, and for which separate finances are a necessity. So long as provincial contributions continue the Government of India will depend upon the Provincial Governments and will become their pensioner and the Provincial Governments on the other hand will suffer from interference from the needy Central Government. The sooner they are done away with the better. No doubt the first consideration is the covering of the deficit in the Budget.

**Mr. President:** The Honourable Member has exceeded his fifteen minutes.

**Mr. S. O. Shahani:** I will take only a minute more. It is a pity that no mention has been made of Education in the Finance Member's budget speech. If I refer to the condition of things in my own province, I find that but 20,000 rupees a year are spent on the higher education of my Province, and not more than 5,000 to the technical. This is to say the least a deplorable condition. Taxes raised by the State come back to the tax-payers in the shape of the education of their children. Look to what is being done in England and in other European countries or in America where Governments study the lasting welfare of the people. I would request the Honourable the Finance Member to turn his attention to the education under the control of the Central Government. The Government of India alone of all modern Governments has been unwilling to spend more than a mere pittance on higher education. If the present policy is continued, the consequences will make themselves painfully prominent for a long long time to come in the lowering of the culture and other mental equipment of the Indians.

**Mr. R. A. Spence (Bombay: European):** I trust that the Honourable the Finance Member will permit me to give him my tribute and to congratulate him on his first Budget speech. I think, Sir, that it is a good omen for the future that once again the burden of the finances of India are placed on the shoulders of one whose family has for generations served India and I trust that the connection of what I may call "service" families will long continue with India for the benefit of India. I also wish to join with him in the note of regret which he sounded that he who

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had sown in lean years, who had ploughed amongst storms and the rumblings of storms is not able to introduce a Budget which showed the results at least of his hard work. He had had the bad time before and when at last the good time came, he was not able to present his budget. Various papers have asked what is the most outstanding feature of this Budget? I think that the outstanding feature of this Budget is the readiness which the Government has shown to act on the wishes of the taxpayer and reduce expenditure, and whilst we feel a debt of gratitude to the Inchcape Committee for what they have done and the way they have shown how we can reduce expenditure, I would ask this House not to forget the debt of gratitude which they owe to that hide-bound bureaucratic Government, the Government of India, who have shown themselves so ready even to anticipate the findings of the Inchcape Committee. Sir, the Finance Member first reviewed the results of the year now drawing to a close, and it was, Sir, satisfactory to know that despite that drain on India—not the same drain as other people think—the drain of the import of bullion, the balance of trade in our favour was no less than 20 crores. But Sir, I must cross swords with him when he gives as his opinion the fact that the heavy duty on so-called luxury articles has not adversely affected the trades concerned. He doubts whether the duty of 30 per cent. is responsible for the practical stoppage of the trade in European motor cars and the substitution therefor of cheap American cars. Well, Sir, if he had been resident in India during the past year, if he had made his inquiries as I am sure he will do in the future, or if he had merely sat still and listened, he would have learnt that unquestionably this duty has affected the importation of cars. Why do the people of this country import cheap American cars? It is because they have to; because the duty compels them to, because the cheaper the car the less duty they have to pay. Motor traffic, Sir, in this country is a necessity and not a luxury. The Honourable the Finance Member in the same speech that he defended this tax of 30 per cent. on motor cars said that there was practically no limit to the amount of money which might be usefully spent on the development of transportation in India. He said it was limited mainly by the amount of capital available, and yet in his speech he defended the tax which is hampering the development of transportation in India. Sir, are we to look to that hoary annual, the migration to Simla, for the reason for classing motor cars as luxuries? Is it because the Government of India live in the clouds and do without motor cars for six months in the year that they look upon them as luxuries? If it is, then, Sir, I look forward to the day when Government will spend the hot weather in the cool Secretariat of Raisina. The Honourable the Finance Member when comparing the imports of motor cars in the past year with the year 1921-22 forgets the reasons for the very small import of cars in 1921-22, namely, that in that year the merchants in India were disposing of the very large accumulations of imports of the previous year, that is, the year 1920-21, when stocks valued at over 12 crores of rupees—compare that with last year—had been imported. And I think if he compares his figures with those of the year before that, 1919-20, the year when exchange was high, he will find that imports were four crores, considerably more than last year. I maintain that you cannot develop transportation in India with a duty of 30 per cent., and I hope that all those Members of this House who are interested in transportation in India will join with me in trying to get a reduction of this duty.



Sir, still sticking to the past, there is another bad tax which has been brought forward from the past and which I would like to see reduced. I refer to the tax of 15 per cent. on imported foodstuffs, by which I mean mainly tinned foodstuffs. These are a necessity to many people in the mofassal and if the importation of these tinned meats were encouraged there would probably be far less slaughter of animals for food in this country—I think that is an argument which ought to appeal to a lot of you—It is a very good argument, Sir, and it ought to appeal to the House. Then let us take another argument, the policy of the free breakfast table. That is a policy which has been adopted at Home, and, judging from the howls of “No, never” which I heard when a duty was proposed on salt, I should say it is a policy which is believed in in this country. It cannot be said, Sir, that a duty of 15 per cent. is put on imported foodstuffs for purposes of protection. There is no indigenous industry to be protected, and therefore, as it is not put on as a protective duty, I hope that all those who are in favour of protection will support me in asking for the reduction of this duty. Similarly, Sir, all those in favour of free trade ought also to support me.

Well, Sir, coming to the budget for this year, the Honourable the Finance Member stated that Government had reviewed the various proposals for new taxation which had been put forward last year and that one by one they had been rejected, and finally the Government had had to come on to the salt tax. Well, Sir, I was one of those who supported the salt tax last year, and despite the tone of this House I support it this year. The burden of taxation over many years has been laid on the shoulders of the middle classes and has been steadily reduced from the poor, the salt tax itself has been lowered. Now, why should not this tax be put on to the shoulders of everybody? It weighs on the poor but as a feather. It is about 12 annas a family. (*A Voice*: “Three annas a head.”) Well, that is not so very burdensome. Anyhow Sir, this tax was proposed because the Honourable the Finance Member abhors a deficit just as much as nature abhors a vacuum. He is, I am convinced, an able strategist, and he is aware therefore of that fundamental rule that you must not merely plan an attack but also prepare a way of retreat. I hope, Sir, in the presence of the Commander-in-Chief that I have put that rule correctly. Well, Sir, I will give him two avenues of retreat in case his salt tax is thrown out. The first is one which we advocated last year and which I am sorry the Government did not see their way to accept. It is that hoary-headed annual the tax on silver. We are all agreed that India must be a free country as regards the transit of silver and so we propose that there should be a tax only on silver consumed in this country. Well, Sir, I can almost hear the Members of the Finance Department as they hear this old hoary-headed annual being put forward saying, “We do not like it.” Far be it from me, Sir, to compare them to children, but may I remind them of their childish days when they said “I do not like it”. It was nasty stuff, the medicine which they had to take, but it did them good; so also, Sir, will the tax on silver. The other avenue is concerned with petrol. At present there is an excise tax on petrol of six annas a gallon, and I suggest that that excise tax be abolished and that a tax be put on the production of petrol. Now, Sir, if a tax of 6 annas a gallon is put on the production of petrol, the amount of money that Government will get is double what they have at present. But as we are going to have a salt tax, and as we are going to have a silver tax, we do not want quite as much money as that; so I

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suggest that we should have a reduction in taxation for this country, and that this tax on the production of petrol should only be increased by 3 annas, and that would give Government just the same as at present. A tax of 3 annas on production all round would give Government the money that they get at present from the excise tax, that is, on the petrol annually consumed in this country, and people in India would benefit. If, however, Government reversed their present policy and put a tax on production of 6 annas a gallon, and gave a rebate on the petrol consumed in this country, then we should get the same figure. I do think, Sir, that the price of petrol in this country is far too high, and although I do not like slang, and the language of the late Prime Minister has not always appealed to me, I might mention here that Oil Companies are excellent "hen roosts." I hope, Sir, they will take the warning, and that they will reduce this burden which India has been labouring under as to the price of petrol. Sir, finally, I join in the Honourable Finance Member's appeal that we should courageously shoulder this Budget and, with the help of the increase in taxation which he has proposed, and with the help of the change in taxation which I have proposed, we should in this last Session of the first Legislative Assembly under India's reformed constitution make one long strong pull, all together, whatever we may be, Democrats, Moderates, Independents or even Labour, to join with him in squaring this deficit. And then we can go back to our provinces with a very glad message to them. Just think of what we can say to them! We can say, 'we have effected retrenchment, we have done that—, and by wise taxation, we have done away with deficits—well, a good bit of the taxation has been passed by this Assembly, and therefore it must be wise—we have dug deep the foundation for future surpluses, and we bring you the glad tidings that, because of our action, Provincial contributions are going to be reduced and done away with; and, because Provincial contributions are going to be reduced or done away with, Provincial taxation will be reduced, and if we bring to the provinces that message, I think, Sir, I can hear the reply:—' Well done, good and faithful servants, return thou to the next Assembly '.

**Maulvi Abul Kasem** (Dacca Division: Muhammadan Rural): Sir, in the first place I will join my Honourable friends who have just spoken in offering my congratulations to the Honourable Finance Member for the improved condition of the Budget which he has been able to produce and for the very impressive speech with which he has presented it to us. In the first place, Sir, I must confess that I found this year's Budget less gloomy than I apprehended and more satisfactory than I anticipated; and the main feature of the Budget, if I may say so, Sir, is that an honest effort has been made by the Government to reduce our expenses, to follow the policy of retrenchment for which this House has cried hoarse, and that they have taken the pains to give some effect to the recommendations of the Inchcape Committee so far as they could in this short time at their disposal. While speaking of the Retrenchment Committee, I think I voice the view of this House and of my countrymen when I say that we are grateful to the Members of that Committee. Sir, it has been said, and said with a good deal of reason and justification, that Committees in this country were sometimes appointed by the Government or at the express wish of the people, but the object more or less has been to have a whitewash of the administrative policy, or to silence the people, if not to satisfy them. This much must now be said that

at any rate the Inchcape Committee, for which this House is responsible, was formed with a different purpose altogether and great credit is due to the Honourable Sir Malcolm Hailey for his work in this connection. He ought to be congratulated, Sir, for having secured for that Committee the services of distinguished personages whose opinions will carry weight not only with the Government of India, with the people of India, but with all Governments in the world; and they have also made a very careful examination of our finances and our administrative policy and expenses. This was, I believe, the first examination of our financial circumstances, and they have acquitted themselves very creditably. Now, Sir, as has been said and as is so evident, the one thing in the Budget to which the people will have the greatest objection, as has been said and will be said repeatedly, is the proposed tax on salt. I might take you back a few years and say that, whatever the relative merits from a financial or revenue-producing standpoint may be, the salt tax has a history of its own. It was a tax, when the Government was absolutely bureaucratic, which was imposed upon the people and which was strongly protested against and criticised. My late lamented countryman, Mr. Gokhale, strongly agitated for the removal of this tax; and it must be said to his credit that it was he who got it reduced. Sir, even in those gloomy days of the war when everything was dark, the Government at the first, in the beginning, hesitated to re-impose the salt tax and it was towards the close that Sir William Meyer imposed, and that also I believe hesitatingly and reluctantly, a very small tax. And now, after the war is over, during peace times, when circumstances I believe have improved, to try and attempt to raise that tax by a hundred per cent. will certainly be protested against and will be resented by the people. But at the same time I would submit, Sir, that it will neither be advisable nor desirable to leave an uncovered deficit; and the only way to meet that deficit is either by further attempts at retrenchment or by fresh taxation. I think, Sir, that as long as the present conditions remain, as long as further efforts are not made by Government to raise the tax-paying capacity of the people, and to remove the economic distress under which the country is suffering, it will neither be advisable nor politic to impose any taxation whatever. Retrenchment, then, would be our whole remedy. Sir, the military expenses have been the subject of attack for many years past. We are glad to find, Sir, that the question of military expenses was permitted to be considered by the Inchcape Committee, and we are glad that the Inchcape Committee has made recommendations for some reductions in our military expenses. The Honourable the Finance Member has also gone a good way to accept the recommendations of the Committee in respect of the military expenditure, but, I submit, Sir, there is still room for reduction in that branch, and I believe with the sympathetic attitude of His Excellency the Commander-in-Chief and in consultation with the army authorities, it will still be possible to reduce the military expenditure so as to cover the deficit and to have no deficit at all in our next year's Budget.

Sir, several suggestions have been made by the Honourable Mr. Spence for fresh taxation. He proposes a tax on silver and on the production of petrol. I believe, Sir, there is a general feeling among my countrymen that there ought to be an export duty on petrol sent from this country, because we understand from reports in the press and from other sources that petrol produced in this country is sold at a much cheaper rate in Europe and America than it is sold in this country. Therefore, Sir, that is a source of revenue which will greatly help the Honourable the Finance

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Member, and at the same time such a step will not be resented by the people of this country.

Then, Sir, I might say that there is great room for reduction of military expenditure by carrying out the policy which has been accepted by this House, I mean the Indianization of the Army. His Excellency the Commander-in-Chief has been pleased to say that some units in the Indian Army will be officered by Indians, and that should reduce our military burden to some extent, but I would go further and respectfully submit for his consideration that the experiment may be extended, and if the Indian units cannot be allowed to be completely officered by Indians, some Indian officers should be placed in every regiment both with a view to reduce the expenditure and also to Indianize the army. I would further submit, Sir, that my idea of the Indianization of the army is that gradually as circumstances, the safety of the country and efficiency would permit, Indianization should proceed by changing British units for Indian units. But in order to enable Indians to qualify themselves for offices in the army, I submit, Sir, that it is one of the essentials that we should have a Military College in this country, and I believe this House and my countrymen will gladly pay for the maintenance of that college.

Sir, it has been said that taxation, direct or indirect, is always unwelcome, but if we the people of India protest against fresh taxation, it is not on sentimental grounds, but because we think that we have reached the limit and any further taxation will be the last straw on the camel's back.

Before, I conclude, Sir, I would say that we in this House fully appreciate the endeavours made by the Honourable the Finance Member to produce such a satisfactory Budget, and I can assure him that he will have our support to make his Budget balance evenly so as to meet the revenue and expenditure as long as we can and as far as we can go without offending the country and without neglecting our trust and responsibility which we owe to the people whom we represent here. I trust, Sir, that he will be able, with the assistance of the other Departments of the Government, to further reduce the military expenditure and to make both ends meet. The office of the Finance Member is, I believe, the most arduous in the whole constitution of the Government. Every Department calls upon him to pay funds for its efficiency and for their wants. Some of these wants are no doubt reasonable and legitimate, but he has not sufficient money to meet all their demands, and therefore, Sir, his task is very hard; but I believe, Sir, in the person of the Honourable Sir Basil Blackett we have a man who can undertake the task and carry it out successfully. I hope and trust, Sir, that, if in the morning of his office he has been able to produce an improved Budget, when he lays down the reins of his high office he will be in a position to present a Budget so as to leave the finances of the country in a way which will enable the Government to reduce the economic distress of this country, and that he will leave the land and the people of this country which he was pleased to call his native land, happier, more contented and more satisfied than he found them.

\* **Mr. Sambanda Mudaliar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I desire to offer a few remarks on the Budget presented by the Honourable Finance Member. Let me first thank the Honourable Finance Member on his lucidity and candour which characterised his speech. But it is a matter of great regret that the country is

confronted with a serious problem of finding ways and means to meet a deficit of 4½ crores of rupees for 1923-24. One may be inclined to be unduly critical of the Budget which the Finance Member placed before this Assembly but our thoughts should be sobered by wisdom and prudence. It will be remembered that year before last the Home Member who was in charge of finance said that notwithstanding the restrictions in regard to the vote of this House in respect of certain items of expenditure (non-votable), this House is invested with a real power in regard to the control of expenditure inasmuch as this House can give or withhold its assent to proposals of new taxation, where it becomes necessary, in consequence of the insufficiency of revenue. This House co-operated with the Government by acquiescing substantially in all their proposals for taxation in the expectation that revenue and expenditure will be so adjusted as not to leave a deficit. We see, however, that there is a considerable fall in our revenue and *abnormal* increase in our expenditure especially on the military side. The question for consideration is how best to meet this deficit. There are four ways of meeting the deficit, namely,—(1) cutting down expenditure, (2) borrowing, (3) increased taxation and (4) budgetting for a deficit. The Finance Member has clearly stated that it would be unwise to budget for a deficit and I concur in his view. In regard to borrowing, the Finance Member clearly stated that the Finance Department has been hard put to it in the task of financing the 100 crores of deficit accumulated in the past 5 years and that further borrowing may not be desirable. In dealing with this question, the Finance Member has told us how this deficit of 100 crores has been financed. He said that about 31 crores have been covered by the creation of paper money, representing nothing but the I. O. U.'s of the Government of India. The remainder amounting to 69 crores has been raised by borrowing. Moreover to the extent of 22 crores has thus far taken the form of issues of Treasury Bills to the public.

He has pointed out the dangers of financing further deficits either by the issue of unbacked currency notes or by an increase in the floating debt. He has further told us that the proceeds of Rupee or Sterling Loans should not be availed of for financing deficits but should be left free for financing existing capital liabilities and productive expenditure on our Railways. There is another method of financing a deficit by means of the issue of paper money without cover, but that is not a good expedient to be resorted to as it would lead to the debasing of the currency and consequent rise in prices. There remains the device of meeting the deficit by increase of taxation. The proposal of the Finance Member to increase the salt duty may be examined. In regard to the proposed increase in salt duty I am sure the whole country will protest with one voice. Salt is an article of necessity and no man, however poor, can afford to live without it. Besides, salt is required for feeding cattle. Salt duty is the one tax that is paid equally by the rich and poor in inverse proportion to their ability. The Finance Member wants to raise it by 100 per cent. at a stroke. This is a callous mockery of the poor. I am sure that the House will reject the proposal.

Then the only course left to make both ends meet in the Budget presented is the reduction of expenditure. The possibilities of economy in the civil and military expenditure of the Government have been completely exploited by the Retrenchment Committee, over which Lord Irichcape presided, and I am glad they have recommended a reduction of about 19 crores. From their report it will be seen that the field where economy could most be effected is in military expenditure. The provision made in the Budget under this heading is 62 crores as against Rs. 57,75,00,000

[Mr. Sambanda Mudaliar.]

recommended by the Inchcape Committee for 1923-24. The country cannot afford to bear this large military expenditure—21 million pounds; now it is 42 million pounds. There must be not only economy but there should be retrenchment also. The army should be Indianised. The army in India was organised for war against a first-class European military power. It is not likely in our time to have to wage war against a first-class European power. The military problem in India at present is totally different from what it was some years back. It is now a question of protecting the Frontier and of assisting the civil in maintaining law and order. The Finance Member has not offered any excuse or justification for the inordinate proportion which the military expenditure bears to the total revenue. About 50 per cent. of the total revenue is absorbed in military expenditure. There is obviously no necessity for maintaining a huge army in the Frontier. The Afghan scare is over. Treaty with the Amir of Afghanistan was concluded. The trouble in Waziristan is almost over. These facts suggest the need for fresh exploration of ways and means to effect a substantial retrenchment in military expenditure. Under ordinary circumstances, an excessively cautious policy may not and should not meet with opposition. But the deplorable financial position of the country, the excessive poverty of the people and their inability to bear further burdens of taxation and the present unrest and discontent in the country render the situation so acute that a revision of the military policy has become imperatively urgent. It cannot be too often repeated that no nation can wisely allow its army to have the ordering of the Budget. According to the practice of every modern State, it is first for the nation to decide through its representatives how much it can afford to spend upon its defence; it is then for its military advisers to do the best they can within the prescribed limits. I devoutly wish that this principle should be accepted and acted upon by the Government.

The position, then, is this. We are presented with a veritable *non possumus*. I feel I shall be failing in my duty to my country if I do not oppose the proposal of additional taxation on salt put forward only to meet a deficit essentially due to an expenditure over which the Assembly has no control. Any additional taxation which would go to impoverish the people or hinder the industrial development of the country has to be strenuously opposed.

Let me have a brief say, before I resume my seat, in regard to the increase in railway fares and postal rates. Sir, you are aware that last year the Government increased the passenger fare on railways by 25 per cent. in spite of considerable opposition by the country and by many of the Honourable Members of this House. The Government in their anxiety to find money overlooked the fact that the increase in railway freight would hit the third class passengers who are generally poor and cannot afford to pay more. I understand that the income from passenger traffic has considerably fallen. Similarly, the increase in the postcard rate to half-anna and the letter rate to one anna was strenuously opposed. Honourable Members will remember that last year it was said on behalf of Government that even with the increase in the postal rates India enjoys the cheapest postal service in the world. But it must be admitted that India is a poor country and cannot be compared favourably with other wealthy countries in the world. I strongly appeal to the Honourable Finance Member to reduce the third class railway fares and the postcard rate, so that the *status quo* may be restored. To make up any

deficit that may occur, I would like to suggest an export duty of 6 annas per gallon on petrol exported from Burma to foreign countries. I hope this suggestion of mine will meet with the approval of the House. The Honourable Mr. Spence has already dwelt on this subject and I entirely agree with the views he expressed.

Lastly, I cannot but express my feeling of grave disappointment at the attitude of the Central Government not coming to the relief of such of the provincial Governments as are hard hit by their contributions to the Central Government. There was widespread expectation, before the budget was presented, that one of its features would be a welcome step towards the extinction of the provincial levies. I thought that there would be a commencement of reduction of the provincial contributions from this year, however small it may be, but my hopes were not realised. In our province, the Madras Presidency, there is a deficit of about 40 lakhs. Sir, our Presidency owes a debt of gratitude to the *Madras Mail* for its organised opposition to the levy of this unjust contribution. The Madras Government did not lag behind in their efforts to have the contribution entirely wiped out. In this fight, both Europeans and Indians joined together. All our combined efforts proved infructuous. Our Ministers are handicapped from carrying reforms in education, industries, irrigation and other vital matters by funds not being available. The sooner this knotty question is solved, the better it will be for the provinces. May I not appeal to the Honourable Finance Member to do something towards the relief of the provinces? I strongly urge for the consideration of Government that the first charge on any savings effected in pursuance of the recommendations of the Incheape Committee should be to afford relief to the provinces actually suffering from the iniquitous results of the notorious Meston Committee. This unholy loot must cease and this can surely be achieved by drastic cuts made from the military side of the Government of India.

Sir, the Honourable Mr. Spence suggested that a tax on cotton fabrics should be resorted to. But I think most of the Honourable Members here will agree with me when I say that this should not be done because it will affect the poor; the interest of the consumer is a matter of paramount importance to us. On the other hand, though perhaps many may not agree with me I would suggest that the excise duty may be increased.

Sir, I venture to place these considerations before the House and I hope they will meet with their acceptance.

**Dr. Nand Lal** (West Punjab: Non-Muhammadan): Sir, I admit that the speech of the Honourable the Finance Member is characterised by straightforwardness and candidness, but I am sorry to say that because it demands more money in the form of increased taxation, I do not welcome it. The Honourable the Finance Member should not repeat that he is a new-comer. I may say that he is a very honourable acquisition to the Government of India. Sir, the country expected that the people will be relieved, to some extent, of the existing taxation. Last year we were confronted with a number of questions from the people who sent us here. They asked, "What have you done for us? You have thrown a greater burden upon our shoulders." Then we held out promises to them that we shall try to see that they are relieved, substantially, of the burden. I am sorry to say that we shall have no favourable answer to give to them. I expected that this year's Budget would show that the people of this country, namely, the tax-payers, were relieved to a certain extent, but that hope has



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not been realised at all. On the top of it we have been asked that an increased duty on salt may be imposed. I beg to differ from that suggestion. Sir, I know that the Government wants money for running the administration, and it is the duty of the people to supply Government with the money which is requisite. But in supplying that money it is the birth right of the people to suggest to the Government to run the administration on certain lines and to see that the Government machinery is worked economically and further that suggestions which are made in a true spirit and in an honest manner to the Government, are duly appreciated. Something should be done effectively to extend a favourable reply to the people to the effect that the Government realises the force of public opinion and that it will do its level best to see that the people's suggestions are accepted. Sir, when I turn my face to the various phases of the administration, I feel constrained to say that the result has not been up to our expectations, and there seems to be disappointment to a great extent. Take, for instance, the case of the Income-tax. Last year and the year before last we suggested that the people who pay Income-tax are feeling the burden very deeply and that they should be given some sort of relief. Our voice was not adequately heard, and an additional burden, in the form of further Income-tax, was imposed upon them. Now, we find that this year there is no reduction at all. We are not here to pay compliments. We are here to convey the views of the people to the Government of India. That is our duty, and I must say to the Treasury Benches, that the people of this country, especially the tax-payers, who are heavily burdened, expected some sort of relief, and they will be sorry to hear that there has been no reduction at all.

Now, Sir, adverting to the question of the North-West Frontier Province, the so-called Waziristan, which is considered to be "a white elephant", money is being spent there lavishly and whenever we raise our voices and say "Why don't you see that all these expenses are cut down? What is the necessity for them?", we are always told—and that is a stock answer—that the money which is spent in the North-West Frontier Province is in pursuance of a policy which is called the Waziristan policy, and is well spent, because, as a matter of fact, the North-West Frontier Province policy acts as a police service and it saves all India from a number of difficulties. That answer is given to us. Now, we ask, who are responsible for that policy? For how long is that policy going to be continued? When will that policy come to an end? You sent out a North-West Frontier Province Committee. They spent some weeks in their deliberations. The report is not out yet, though the country has been very anxiously awaiting the publication of that report. Questions have been put and answers have been given no doubt, but they have proved very discouraging answers. What is the condition of affairs in that country? You know there are raids upon raids, dacoities upon dacoities. I concede, however, that there has been some sort of decrease since last year. Sir, may I ask, what you have done to relieve the country of this standing menace? How can human beings live happily in that part of the country when there is dacoity after dacoity, murder after murder—diabolical acts on the part of certain clans who inhabit the part of the country, which you call Waziristan? You sometimes pay them in the form of an allowance. In some cases, you construct roads and the raiders use these very roads in making raids upon you. When are you going to put an end to that? Why should the tax-payers of India pay you for running that show? I suggest to the Government of India



that they should try to realise the weight of the suggestion which I am very respectfully offering to them.

Now, Sir, last year, on the occasion when there was a debate in connection with the Income-tax Department, it was submitted before this House that this separate Department, which you have created or opened to realise or collect income-tax would prove very expensive, and it had not got the support of the whole country at all. What has been the result? Have you gained anything? Do you know what are the feelings of the people who have been unduly taxed? They say that this separate Department which has been created is not only expensive but that it is also a standing terror to them and some of them have been put to great disgrace. Some Inspectors go round to have valuations of house property made, but in some cases, without making faithful and good inquiries they come back with wrong information and make reports accordingly saying that the value of the house is so much, that it is being used by the owner or occupant of the house, and that the owner or occupant of the house is liable for heavy tax. The most respectable merchants have got Muniyams and agents who are drawing respectable remuneration. They send their accounts to your Assessing Department and they are badly treated. They are disgraced. You ask them to make certain returns. Those returns are honestly and sincerely made and submitted to the Department which is called the Income-tax Assessing Department, but those returns are in some cases wrongly disbelieved, and then, in contravention of those statements which are made in those returns, the assesseees are very heavily assessed.

Now, the assesseees have observed the letter of the law. They have obeyed the provisions which are laid down in the Income-tax Act. They are respectable people,—tax-payers, the backbone of the finances of the Government, so to speak. Now, they are in some cases wrongly disbelieved and heavy taxation is imposed on them, heavier than it ought to have been. What are their feelings? They feel this separate department, which has been brought into being to collect income-tax, has been created to realise money unduly and to put them to difficulties. I have been in receipt of a number of letters from a number of merchants for whom I have the greatest respect. If I read the contents of some of the letters to you it would tax your patience. However, I am sure you will feel the greatest sympathy for the authors of those letters without my reading the contents. So, I throw out the suggestion before the House that they will advise the Government of India that the old machinery, which was in full association with the people of the country, may be brought back and the separate department be abolished, in the first place, because it is more expensive and, in the second place, because it is intolerable to the people.

Then, Sir, last year some of us raised our voices to ask you to be sympathetic towards your customers, the third class passengers. The first class passengers do not pay, on the other hand you spend something for their comforts. I think every Member of this House knows that first class passengers do not contribute any profit to the Railway Department; you incur expenses for them and they do not make any addition to your revenue but on the contrary, they take away money from you. It is the third class passenger who is the best customer. What have you done for him? What active measures have been adopted to see the condition of these poor third class passengers ameliorated? What have you done? You have got first class carriages in thousands. What increase have you made in the number of third class carriages? The answer which will be given is this that we

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are in want of money and that no sooner our financial condition is better than we shall see that that want is first attended to, and that a fresh supply of carriages is requisitioned for. That answer will not do. The Government of India ought to have asked the Railway Department specially to take very effective measures in this direction and to give a proper response to the suggestion of this House, which response would have been considered as a true appreciation of the recommendation made and would have been taken as a sign of real, active sympathy with those dumb people. You have increased the railway fare. What gain have you got? Have you got any gain? Nothing. You have lost and your explanation is that the people were not used to it and by and by they will get used to that sort of payment and then there will be an increase in the revenue. I doubt that very much. Business ethics require that you should try to see what kind of rates will be the most attractive and what sort of business will pay and what will not pay. It is the third class passenger who pays the most, and he is comparatively poor. If there is any increase in the railway fares, naturally some of the third class passengers will discontinue using the railway. In consequence of their poverty, in consequence of their inability to meet your railway fares, they will walk from village to village and from place to place. Then where is your business talent, where is your business intelligence? This country is quite prepared to pay the expenses of the Government if Government will use that money in the right method; if the Government of India will try to safeguard the revenues in the best possible manner. The people of this country do not give you money which you are to spend lavishly and without exercising due discretion and intelligence. Excuse me saying that. I am voicing the feelings of the country. I am not here to flatter you but I am here to do my duty. Personally I have the sincerest respect for every Member who is in charge of the Departments which I have referred to, but here I have got to convey the message of the people. If I allow you to remain in darkness, I shall not only be failing in my duty, but also proving dishonest to you. What are the feelings of the country? What are the views of the people? Sir, I am here to echo them. They say that nothing has been done in the way of ameliorating their condition.

**Mr. President:** I must tell the Honourable Member that his time is exhausted.

**Dr. Nand Lal:** And so far as the question of increasing the duty on salt is concerned, the country seems to be averse to it. You must try to see that retrenchment is effected. I wish this budget were put before the House after the report of the Retrenchment Committee was published and something substantial would have been done to satisfy our people. They would have seen that we have done something for them and they would have thanked the Government of India. I hope the Honourable the Finance Member will try to see that the recommendations of the Retrenchment Committee are incorporated in the budget if possible, and given a practical shape, so that the people of this country may be relieved to some degree of the heavy burden which has been placed upon them both by the Government of India and by us. With these few words I close my remarks.

**Mr. P. P. Ginwala** (Burma: Non-European): The Honourable the Finance Member has told us that he is a new-comer to this country. But I hope, Sir, that he has got all the credulity of a new-comer to this country, and if he has, he will believe me when I tell him a few things about his

Budget—what I may call the few recurrent phases of the Indian budget. Probably he knows them already, but there is no harm in my reminding him of them. First of all, every Indian budget is extremely orthodox in principle, secondly, it is a hand to mouth budget, and thirdly, and generally speaking, it is a rich man's budget on the whole. With regard to the orthodox character of the budget, I want to ask the Honourable the Finance Member whether in the history of taxation in India during the last 20 or 30 years any new principle of taxation suited to the requirements of the country has been introduced? The Indian budget is, on the whole, a servile copy of the principles of the British budget along the lines of least resistance. If England imposes super-tax we impose super-tax. If she has excess profits duty, we have excess profits duty. But I venture to suggest that we do it all apart from the conditions of the country. What takes place in the office of the Honourable the Finance Member every year when he prepares the revenue side of the budget I can well imagine. He sits in his chair. He has got three men generally with him. On his right is perhaps Mr. Cook, on his left is Mr. Ayyar and in front of him Mr. Sim. Then he asks "How much do these people require?" They say, "Oh! this year they want 80 crores of rupees (only from taxation)." "Is that so? What did they have last year?" "64 crores." "Very well. Give me a copy of the Tariff Act, a copy of the Income-tax Act and a copy of the Opium and the Salt Acts and a blue pencil." He takes the blue pencil in his hands and says, "Here 11 per cent. on this. No. I will put 15 per cent. That will give us 2 crores. Is that not so, Mr. Cook?" "Yes, approximately that." Mr. Sim then says, "Income-tax has been rather sterile these last few years. We will try a little super-tax on something," and he adds on something to the super-tax. Then he goes through the Opium and Salt Acts and the same process goes on until he thinks he has secured the additional sixteen crores. I submit that this is not the way in which any longer the Indian budget ought to be prepared. Every country in the world has at definite periods undertaken an examination of the taxation of the country with reference to the taxable capacity of the people. They have got figures and they study all the conditions with reference to the requirements of the country. I maintain that though the Finance Department claims to know every thing they have got no data upon which they can determine the taxation with reference to the taxable capacity of the people. There I submit is the orthodoxy of the Budget.

Now, as to its being a hand to mouth Budget. This is a more important circumstance and in this respect I think I shall cause some disappointment both to the Government and to my Honourable friend on this side of the House, for I do not propose to lay much stress on the question of retrenchment. I am a great believer in retrenchment to a certain limit but that limit must be sometimes reached and if we transgress that limit, the Government will have the fate of the Irishman's horse. This gentleman, as you may remember, wanted his horse to live on nothing. He gradually reduced his rations but on the day the horse learnt to live on nothing, he unfortunately died. That is what would happen to the Government in course of time if we get obsessed with the idea that nothing remains to be done except retrenchment in order to meet our expenditure. The time has arrived when we should look about for other sources of revenue and to extend the scope of those sources. If you examine the Honourable the Finance Member's Budget and his main heads, you will find that there are already signs of decay, if not of death in some of the items from which he derives his revenue. Take the Customs. Honourable Members on this

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side of the House suggested that the import duty on Customs be raised from 11 to 15 per cent. for protective purposes. My Honourable friend from Bombay suggested 2 annas on silver and various other things. But we forget that we have also adopted a policy of protection. Now, it is a well known principle of taxation that you cannot make those duties have a protective effect from which you wish to derive your revenue also. If we are going to have this protection, you are bound to lose your revenues from those protective duties and that is a factor which I submit has got to be taken into account. It will go a long way towards making your customs a diminishing source of revenue. Then take Opium. That ought to have disappeared long ago as a source of revenue and I hope, Sir, that whatever else the Honourable the Finance Member may do, he will get rid of this disgraceful source of revenue by which you obtain your money through the degradation of a very large number of your fellowmen in other parts of the world. That is a form of taxation which ought to be done away with as soon as possible. Then you have got the provincial contributions. We have been promised that they are dying or about to die. Of course, their death-knell has not yet been sounded but we hope that the Honourable the Finance Member will in course of time be able to get rid of them. Then what do we fall back on—Salt. We have heard from Dr. Nand Lal what the people think about salt and I do not wish to add much to it. Last of all we have to look to our Railways. There also we have adopted a change of policy. I am not in agreement with many of my Honourable colleagues on that aspect of the case and I may state this that however good it may be from the point of view of sentiment and patriotism, State management is, from the business point of view, unprofitable. We have made it a business of our lives, at least many of us on this side of the House, to criticise the bureaucracy, but I think the bureaucracy will admit that we have expiated all our sins by surrendering ourselves to them on this question of railways. They themselves admitted that they were incompetent as a business agency. We said "However incompetent you may be for other purposes, for business purposes you are very competent fellows." We handed over the railways to them. I venture to think that in course of time the railways which might have been a profitable proposition would be a losing concern and that if you do make them a profitable concern you will wring out the profits from the poor and that would be the worst way of indirect taxation that I can imagine. Therefore, Sir, my suggestion to the Honourable the Finance Member is that he should not only find some way by which he can provide by way of makeshift to make both ends meet by retrenchment on this side and a little additional taxation on the other, but he must devise some policy by which the future revenues of this country may be placed on a more satisfactory basis and we cease to live from hand to mouth as we have done for many a long year in the past.

Then about the third point. I said at the beginning that every Indian Budget was essentially the budget of the rich and I stick to that proposition. You examine your sources of taxation. I have already enumerated them. So far I am merely taking the Central Revenues. I am not concerned with the provinces. In the Central Revenues the only direct form of taxation that you have is income-tax. That is paid by 200,000 people I believe roughly speaking out of 330 millions. The rest of it is indirect taxation. Indirect taxation necessarily means the taxation of the poorer classes of the community. You tax their food. You tax their clothing

by increased tariff duties. You tax their matches. You tax their kerosine oil. You tax their salt and you want to increase the tax on that salt. Now the poorest man in the country has got to pay a tax on these commodities I have mentioned. The rich man may pay, less or more on these same commodities but I venture to say that he does not pay more in proportion to his wealth than the poorest man does. Therefore, the time has arrived, when the Honourable the Finance Member should inquire into the whole question and spread his net as wide as possible. You cannot expect to derive all your direct taxation only from 200,000 people. There are heaps of men who derive fortunes from what they call agriculture. Now, it is not my intention that the poorest agriculturist should be taxed. He would come within the limit that is prescribed by the law as the lowest limit. But why should a man who owns a hundred thousand acres of land, who does not pay himself a pie of land revenue out of his pocket, who invests his saving, if he does, in Government paper free from income-tax, escape the payment of Income-tax? I hear whispers in the House suggesting that they do not get anything out of their

1 P.M. land. (A Voice: "I say they do not escape taxation.") I venture to say that they do escape taxation. The man at the top is probably the sixth man from the bottom. The man at the bottom pays land revenues and the other five men who do not do the least bit of work on the soil escape all income-tax. I submit, Sir, that that is a vicious principle. If income is to be taxed at all, it ought to be taxed apart from the source from which it is derived, subject, as I have said to the minimum which is prescribed as not liable to income-tax in all civilized countries which is different from the minimum prescribed by our law. How is your minimum in this country? A man may have four wives and may have four children apiece by them: he pays the same income-tax as the improvident bachelor who has no wife and no children. This is only one of many directions in which the Income-tax Act requires close scrutiny.

Take another source of revenue which has not yet been tapped though it is the intention no doubt to tap it, and that is death duties. I do not see why when I die my son who may inherit Rs. 5,000 has got to pay Rs. 100 or Rs. 150 to the Government, whereas the son of any one of these Honourable gentlemen who may inherit a million escapes entirely, if he is a Hindu or a Muhammadan. (Rao Bahadur T. Rangachariar: "He does not inherit.") He does not inherit but he succeeds to the estate. I submit, Sir, that that is a mere trifling with words. Why should they escape when we are made to pay? There is racial distinction if you like. We are fighting for the removal of racial distinctions; let us fight on this point and remove the grievance of the Hindu or the Muhammadan that he is left out of his share of payment to the exchequer. (Hear, hear.)

Sir, there is one other question I would like to ask the Honourable the Finance Member. It is claimed that we cannot maintain our army just now at least under 50 or 60 per cent. of our total revenues. Who gets the protection from this army? Is it the people from whom you get the largest bulk of your revenues? Or is it the wealthy landowner, the wealthy merchant or the wealthy money-lender? And who in proportion to his means pays so small a share of taxation to the country? If he wants this protection he must be made to pay for it. The proletariat of the country do not require the maintenance of peace and order, for in disorder they find their means of livelihood; in disorder they can loot

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and they can plunder; they have nothing to lose. But the wealthy land-owner, who sits in his castle and looks at his estate, and the wealthy money-lender, who has, like him, the satisfaction of knowing that when he dies whatever happens, the fortune which he has made out of the poorer people, will be left untouched by the Government. Sir, these are the persons for whom you are providing this army, and you must make them pay. First, I say, tax their income; secondly, tax their savings by imposing death duties and thirdly, tax their luxuries. Why should they not pay for their luxuries? I am made to pay. If I buy a hat I have to pay three annas extra in every rupee, but my Honourable friend on my right (Mr. Jannadas Dwarkadas) who wears a golden turban pays nothing extra for it.

Sir, I appeal to the Honourable the Finance Member to lay the foundations of his future finance deep and broad. He must make every man pay who ought to pay, but no man ought to be made to carry a bigger burden than his shoulders can bear. That ought to be the basis of his future financial policy and if he succeeds in carrying out that policy I have no doubt that when he leaves the country he will be always remembered not only as an honoured statesman but also as a successful financier.

**Maulvi Miyan Asjad-ul-ah** (Bhagalpore Division: Muhammadan): (The Honourable Member spoke in the Vernacular.)\*

**Mr. P. E. Percival** (Bombay: Nominated Official): Sir, we have, as has already been stated, three alternatives for consideration before us now. The first is a further reduction of expenditure beyond the proposals made in the Budget, the second is to budget for a deficit; and the third is additional taxation, in order to equalize the Budget. Now, Sir, in regard to the first point, we have just had, as everyone knows, a most powerful and independent Committee on Retrenchment, which has gone into the whole question and has proposed most drastic reductions both on the civil and military side of the Budget. Now can it be reasonably said, when this matter is just before Government, and has not yet been considered by Government in consultation with the Secretary of State,—is it advisable or reasonable to suggest a further reduction in expenditure beyond even the reduction proposed by the Inchcape Committee? Another point, to which I wish to refer and which has not been mentioned, is this, that it is not the case that Government have refused to make certain reductions; what the Honourable the Finance Member has said is that, owing to 'lag' and 'terminal charges,' it will not be possible to make a reduction till next year to the full extent of the Inchcape Committee's proposals,—that is, up to the full extent of those proposals so far as they may be accepted by Government. So it seems to me that it would be futile to propose reductions in this particular Budget, whatever may be the case later on. It cannot be contended that the Budget should be equalized by further reductions in expenditure beyond that proposed by the Government, when these economies, which are to be effected in accordance with the proposals of the Inchcape Committee, can only come into effect gradually and, to a large extent, in the following year. A large reduction is proposed this year, but still the whole amount, or the whole amount finally approved by Government, cannot possibly come into effect this year.

\* The original speech together with an English translation will be printed in a later issue of these Debates.

The second alternative is that we should budget for a deficit. Now the Honourable the Finance Member, who, if I may be permitted to say, so, has a worldwide reputation for knowledge of high finance and international exchanges and who has had the advantage of discussing the whole question with the leading financiers of the world at the League of Nations, has given a solemn warning that the country cannot go on with further deficits, that it will only bring the country into a morass, from which it will be extremely difficult to extract it, when it has once fallen in. Surely it is far better that we should prevent the country from falling into this state of affairs than to let it fall in and try to drag it out afterwards. But it is not merely the case that the Honourable the Finance Member has so warned the Assembly, but the Inchcape Committee have also given a solemn warning to this Assembly. I will read their remarks, Sir. The Inchcape Committee state that "if India is to remain solvent immediate steps must be taken to balance her budget." Therefore, however much we regret it, whether we like it or not, it seems to me that the only possible, the only logical, position that we can take now, is to balance the budget by increase of taxation. If we do not increase the salt tax, then let us balance the budget by some other taxation, which Honourable Members should not merely propose but should actually vote for and carry through the House. It is no use making proposals that are not going to be carried through the House, or not going to give us the additional 4½ crores required for the Budget. I do suggest that we should really carry proposals to make up this 4½ crores deficit and thereby balance the budget.

Now, Sir, there are one or two other points to which I would like to refer as being one of the Members of the all-India services. There is an opinion in the country, which I hope is not held in this House; you hear people in the country saying that the heavy increase of expenditure that has been incurred in recent years is due to large additions to the pay of the Imperial services. Now, Sir, there are two points which are overlooked here. The first point is that people who say this always overlook the fact that prices had vastly increased during the last 7 or 8 years. (A Voice: "They are falling.") They are falling now, but, according to the Inchcape Committee, they are still 56 per cent. above the pre-war level. I entirely agree that, as prices come down, the enhancements of salary should come down; but, if Honourable Members will refer to page 283 of the Inchcape Committee's Report, they will find that it is there stated that the average increase, if allowance is made for the abolition of exchange compensation allowance, in the all-India services, did not exceed 20 per cent. The members of the all-India services have got an increase of roughly 20 per cent., while prices as a matter of fact rose from 60 to 80 per cent. Sir Montagu Webb referred to the matter last year, and I think he stated that the increase of prices was not merely 60, the figure recently given by the Labour Bureau Office, Bombay, but was in fact more than that amount. Turning on to the next page of the Report of the Inchcape Committee, we find that: "The cost of the subordinate services, i.e., Clerical, Industrial, Technical and menial, has increased by 121 per cent., due partly to additional staff but mainly to increased rates of pay." The point I wish to bring out is this, if we press for retrenchment, it must necessarily come from the lower-paid Indian services. I do not know whether Honourable Members wish this or not, but they have to remember the fact that the people who are going to be reduced and must be reduced are the lower-paid clerks and menials and other low-paid services. Another reason why it is necessary to do that is this fact, which

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some people do not realize, namely, the very small number of Europeans serving in India. On this point I would like to refer to the interesting remarks made by the Honourable Mr. Lawrence, the Finance Member of the Government of Bombay, in his recent Budget speech. He there mentioned that the number of Europeans belonging to the all-India services serving in the Bombay Presidency amounted to 370. Eight years ago the number was 430 but it is steadily decreasing. He also pointed out the very interesting fact that if for the whole of these European officials in the Bombay Presidency Indian officials were substituted at two-thirds of the pay of the former, the result would be that Government would secure a gain of only one-fourth of one per cent. of the annual income of the Bombay Presidency. I do not wish to go into the question of the Indianization of the services, I am in favour of Indianization; I always have been. But the point I wish to make is that the actual financial gain which the country is going to derive from doing away with Europeans and substituting Indians at two-thirds of their pay is a very small amount, when regarded simply from the point of view of the tax-payer. As a matter of fact, it would be impossible to get rid of all the Europeans at once. Suppose, however, for the sake of argument, we were to reduce one-fifth of the Europeans serving in the Bombay Presidency at once; in that case the gain would be only 1/20th or 1 per cent. of the annual income. These figures apply to Bombay, but no doubt similar figures could be obtained for other Provinces and for India as a whole.

The final point to which I should like to refer is that my Honourable friend, Mr. Abul Kasem called this additional taxation the last straw on the camel's back. I think my Honourable friends do not perhaps quite realise that India is very lightly taxed as compared with countries in a similar state of civilization. (*Cries of "No, no."*) Wait a minute, please, I can substantiate my statement by one or two figures. I do not wish to compare India with the United States, England or any other industrial country in the West; but I should just like to give one or two figures to show that India is lightly taxed when compared with countries which are similarly situated financially and economically. I do not guarantee that the figures I give are quite correct, and, if Honourable Members have better figures, I shall be glad to accept them. These are the figures:—

<i>India.</i>		
Population, excluding Indian States	.	247,000,000
Revenue	.	137,000,000
Average taxation	.	11 sh.
<i>Japan.</i>		
Population	.	56,000,000
Revenue	.	146,000,000
Average taxation	.	£2-12-0
<i>Java.</i>		
Population	.	38,000,000
Revenue	.	61,000,000
Average taxation	.	£1-12-0
<i>Phillipines.</i>		
Population	.	10,000,000
Revenue	.	19,000,000
Average taxation	.	£1-18-0
<i>Egypt.</i>		
Population	.	13,000,000
Revenue	.	23,000,000
Average taxation	.	£2-3-0



So it will be seen that for every rupee taken in taxation from each individual in India, in these other countries they take Rs. 3 or Rs. 4. As I have said, I do not guarantee the correctness of these figures, and let us take for the sake of argument that we are 50 per cent. wrong, even so we have it that individuals in these other countries pay either two or three times as much taxation as people do in India. The point is that India is not heavily taxed as compared with other countries which are in a similar state of financial and economic development. I submit, therefore, for these reasons that the 4 or 5 crores additional taxation proposed for India will not seriously injure the country; whereas, if we have another deficit, then it will do very great damage to the credit of the country.

**Chaudhri Shahab-ud-Din** (East Central Punjab: Muhammadan): Sir, usually every speaker in this House begins or ends his remarks either by complimenting the speech of the Honourable the Finance Member and praising it as unexceptionable or by criticising it severely but I will do neither. I will say simply this much, that his speech elucidates the financial condition of India very thoroughly and clearly. India is a big Empire. People say they are very heavily taxed. I will accept their word for it. But may I ask whether they consider themselves heavily taxed, because their income is too small for the taxes they are paying, or whether they are more highly taxed as compared with the people of other countries? I think, Sir, India on the whole, whatever might be the opinion of the other members in this Hall, is not more heavily taxed than she ought to be. We want a democracy but we expect England or some other country to pay our expenditure. Democracy in all parts of the world is and has always been a very expensive form of Government. I think if India aspires to see its status raised, she must be prepared to pay every year a heavier tax than the previous year. (Cries of "No, no.") Allow me to proceed, I shall explain my meaning.

As regards the paying capacity of Indians, I admit that it is much lower than the paying capacity of the tax-payers of countries. Up till now India is, on the whole, an agricultural country, and as such it cannot bear a very heavy taxation. It is not an industrial country yet, but are we not striving to make it an industrial country? Do we not require capital for productive purposes? Should that capital be our own or should we borrow it and then re-pay it with interest? How shall we pay the principal and interest? By taxing the country or in some other way? No other country will pay for us. I think, considering the population of India, and the taxes people are paying, on the whole the country is not very heavily taxed. And if we want to raise our status, if we want to see ourselves compared favourably and honourably with the other civilized nations and countries, we must be prepared to pay more and more every year. I am aware that railway fares have been raised and probably the increase is pinching the common people, I mean the lower class people, but the passenger traffic has never been paying in any country. It is always the goods traffic which has been paying. (Cries of "No, no.") My position is that passenger traffic is seldom paying, while goods traffic is always paying and I maintain this without any fear of contradiction. Passenger traffic has to be maintained for the sake of maintaining it, but it is always the goods traffic which really pays. Now by all means reduce the railway fares and postage, and also reduce the military expenditure either by Indianizing the army or otherwise, but at the same time find money for maintaining the Government and its machinery. Where is that money to come from? My answer is, it must come from the pocket of the Indian tax-payer who must pay it willingly.

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Now, the salt tax may not be a very desirable tax but it should be unhesitatingly imposed if it is necessary to do so. In my opinion the country should resent having to pay the tax. Some Members in this Hall may differ from me, but with due deference for their opinions, I stick to my own view. It is common knowledge that people are consuming daily cigars and cigarettes worth millions of rupees. Is not that a luxury? (*Rao Bahadur T. Rangachariar*: "I do not smoke.") I also do not smoke, but I do not resent or object to the salt tax. Possibly it is an undesirable tax and should not be imposed if we can help it. But if it is necessary to impose it, I see no reason why it should not be imposed. What can't be cured must be endured. In villages the agriculturist pays land revenue, and that is a direct form of tax, if it can be called a tax. But the menial, the village servant, and the agricultural labourer, is paying absolutely no direct tax. He is paying, no doubt, indirectly for matches, kerosine oil, etc., but in the shape of a direct tax he is paying absolutely no tax beyond what is called the chowkidari or village cess, and there can be no two opinions that in the villages the menials are much better off to-day than they were 20 or 30 years ago. Well, you may question it. I am speaking for my own province, and I can say without fear of contradiction that they are much better off to-day than they were 20 years back. If you go to their houses, you will find that, while, formerly they had only earthen vessels in which they used to cook and eat, now they have got utensils not of gold or silver, but of metal in all houses without an exception. I am talking of the Punjab and not Sind. In the Punjab, I think the labouring classes in the villages are much better off to-day than they were before and, if the salt tax has to be imposed, I see no reason why it should not be imposed. What will this tax come to? The 4½ crores are to be distributed over a population of 300 millions. It will be about 3 annas per head per annum. Well, I think one pice per head per mensem is not a very heavy tax about which we should grumble. But I do not think that a strong case has been made out for imposing this tax. Of course, a case may be made out and the time may come when it will have to be imposed. (*An Honourable Member*: "I hope not.") You may not be here to say "I hope not". Probably it will be our successors in this Hall who shall have to impose the tax if it is not imposed this year. Perhaps the time has not yet come for imposing the tax because the small deficit of 4½ crores can be met otherwise. The recommendations made by Lord Incheape's Committee have already suggested a reduction of 19½ crores, which will be effected gradually. It is possible that by a little retrenchment this small deficit may be easily met. I have not gone into the details but I have reason to believe that, if we were to put our heads together, we would be able to effect a retrenchment to the extent of 4½ crores and thus save the country, at least for the present, from any further taxation. In every country and at all times taxes have always been a very irksome thing for the poor. He has never liked to pay, in fact no one has ever liked to pay a tax. Therefore, I would suggest that, if possible, the salt tax should be avoided. One of the speakers made some remarks about income from agriculture being taxed. Well, you may tax the agriculturist if you will, but for what? For protecting the towns people? I accept the principle that the rich people should pay taxes. Let rich people pay taxes. But what rich people? The urban or rural? In villages if we were left to ourselves, we would be able to manage our affairs. We wouldn't require much of the police or army. It is the towns people who require the army and police not only for maintaining peace and order but also for protection from dacoits. Villagers can protect themselves not against Waziris and

Mahsuds, but against their own countrymen. So, if you propose to impose the tax on agriculturists, I welcome the proposal provided that you pay for your own protection and we pay for our own. There is no reason why you should benefit from our tax. Sir, I think it is the urban people who are not sufficiently taxed. Mr. Gihwala's experience in Burma may be otherwise. I am talking of another province. If you want to tax the agriculturists, do so by all means. But let that tax be spent for their benefit and on their protection. We do not want all the luxuries that the people in towns require, and, therefore, we should not be called upon to pay for them. I may inform my Honourable friend from Burma that rural people are doing much more than urban people are doing for the country and the empire. Here, seated on these Benches under fans or before fires, you make laws, and impose taxes. But who gives their blood, when it comes to that? The urban people do not go to the front. In fact, they have never gone yet. You say, tax the agriculturist. They give both money and blood, while you give only money and that too grudgingly and yet seated in this Hall you say "tax them." Is it meant that the poor people, the agriculturists, who are the backbone of the country and the Government, must pay and the urban people must spend on themselves. If this is the case, it is most unfair, and I think any Government in the country, so long as it is strong enough to rule in the country, will see that such an injustice is not done. (*Mr. P. P. Gihwala*: "Quite right, that is what I want.") Dr. Nand Lal has made a very uncompromising tirade against the expenditure on Waziristan. I think there are better heads than mine in this Assembly who will have their say on this important question, but I think I also may be allowed to say a word on the point. I am expecting another very learned attack from my friend, Mr. Rangachariar, if I can anticipate him aright. (*Rao Bahaadur T. Rangachariar*: "I am not going to make an attack.") Well, I am glad to learn he is not going to make an attack. I may say that in discussing Waziristan and Mahsud territories, and the Afridis and other tribes, all the Honourable Members, seated in this Assembly Room, know very little about the difficulties of the Government in regard to the transborder area and tribes. Go there, live there for some time, and see how difficult the situation is. It is very easy to say: "Oh! what has the Government been able to do?" Does history tell us that any Government at any time was able to do more than the present Government has done? No. Even Nadir Shaw with his army of 40 lakhs had to pay a ransom for a woman who was kidnapped from his camp. (*Mr. S. C. Shahani*: "6.") I accept your figure. But had he not to pay the Afridis despite that big army? Their geographical position is such, it is so advantageous that they can defy any authority on this or on the other side of their country. Some people say, "Well, why don't you occupy that territory?" Good, occupy it. But, have you got manhood, have you got money to conquer them? India must fight for at least 25 years with all its manhood and with all its resources to occupy that country which is dry like a bone and where there does not grow even a blade of grass. If this is worth trying, do try and occupy that rugged stony country if you can. Then and then alone you will be able to protect effectively the inhabitants of North-West Frontier Province. Otherwise, you can protect them only partially and not completely from the depredations of their trans-frontier neighbours. You cannot defy nature. Their natural position is such, they are so placed geographically that you cannot do more than adopt protective measures to the best of your ability and there can be no denying the fact that the Government is doing its level best. As regards expenditure on

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the North-West Frontier, some people have always criticised it in this Hall. For the last three years we have been hearing speeches from responsible and irresponsible persons on this subject. Government is accused of wasting money on the frontier. I think the Members of Government are a set of sane people, they have not lost their heads yet. They are doing simply what they are obliged to do and nothing more than that. We must give them credit for that. I do not think they have got any sympathy for the Mahsuds, Waziris and others. There is nothing in common between a barbarous Mahsud and a civilised Englishman. It is by sheer force of necessity and compulsion that they are doing what they are doing on the frontier. As regards tendering advice, sitting here in this Assembly room, we may give my advice, but the best advice can be given only by those who live on the spot or who have got some personal experience. By merely paying flying visit, as some of us did last year in motor cars under the protection of our army, one does not become an authority on frontier matters. You must go and live there on the spot and then, and then alone, you will be in a position to give a sound advice. The English officers, both civilian and military, are there on the spot. They know the position. The position is undoubtedly very difficult and it will be unjust and unfair on our part to criticise Government in season and out of season regarding the expenditure which is being incurred in protecting the five districts of the North-West Frontier Province from the raid of the trans-border marauders. With these remarks, Sir, I will sit down.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty Minutes to Three of the Clock. Mr. President was in the Chair.

**Sir Deva Prasad Sarvadhikary** (Calcutta: Non-Muhammadan Urban): Sir, till a few minutes before lunch one thought that this year's budget debate was going to be dull and lifeless for intelligible reasons. The Inchcape cuts have extended far not only to nation building activities but even to the extent of cutting the ground from under our feet. The usual platitudes and stock figures and arguments freely indulged in on the budget field days are all upset this year. They are not available for debate purposes, because of several disturbing factors. We had recently the Railway debate, the Fiscal debate, and last but not least, the Inchcape Report. They are more or less stupefying, and are certainly upsetting worked up ideas. If Government had difficulty in dealing fully with Inchcape Committee's recommendations in 15 days, much more have been our difficulties who are supposed to be able to master this Inchcape Report in less than 72 hours. Therefore, there was a sort of masonic understanding in many parts of the House that instead of indulging in platitudes and generalities now we should let the debate proceed as best as it might and attack the real issues, the practical side of things, when opportunity comes later. I regret my Honourable friend Mr. Ginwala is not now here. He gave a new turn to the course of the debate. His breezy original view of things always set forward when it suits his purpose, was a sort of red herring which must have been very helpful and will be helpful to the Honourable the Finance Member if the line is taken up by other Members.

I hope that will not be the case. Fairly revolutionary in his ideas, some of his ideals if he was serious would not commend themselves to many. On the question of taxing agricultural income,—(public memory is proverbially short)—we have to remember not only the last year's debate on the subject at which open official voting took place and when almost the last word was supposed to be said on the subject. It was agreed that agricultural incomes would not be interfered with, if it could be helped. That question has a long history behind it. When income-tax first came, it came because it was felt that agriculturists and people interested in land were practically the only people who were paying anything like appreciable tax. Business people, officers and people making income otherwise were fairly exempt. There was a tremendous uproar against the proposal for the tax in the early seventies of the last century, or even earlier. In Lord Northbrooke's time there was practically a pact that agricultural income would not be interfered with. Since then there have been developments. Agricultural produce, if it took the shape of any business proposition, has been taxed and this original understanding has been otherwise circumvented. I do not know whether Mr. Ginwala was airing his views about the necessity of having a Committee for considering taxing capabilities of the country. One could understand that if he did that in a direct fashion; but this is hardly the occasion to raise the question in this fashion. Mr. Ginwala pleaded that he did not believe in retrenchment beyond a certain limit. Quite so. But I do not know whether he is satisfied that that limit or anything like it has been reached. On the other hand, if without impertinence one may say so, the man in the street, because it is he who really counts in these matters, feels that nearly all that could be done has not been done by the Inchcape Committee for reasons that it is unnecessary to go into now. These are matters that one would like to leave over for another occasion in spite of Sir Malcolm Hailey's suggestion this morning that Budget debate would be a suitable occasion for the Inchcape Report. Mr. Ginwala rather forgot that he was responsible for the first step in the matter. It was on his initiative really that a retrenchment committee was resolved upon and came, and that credit is his. (*Mr. P. P. Ginwala*: "No, I never said so.") Well, I am corrected. It was Dr. Gour's Resolution. Anyway the Retrenchment Committee came and has done its work as well as could be expected under the circumstances, though labouring under restricted cultural outlook. That has been the advantage, and that has, to a certain extent, been the difficulty attendant on the budget preparation this year and consideration of the Budget. Naturally, on account of the Report coming in so late, Government could not give full effect to all that has been recommended and "lags," to give currency to a new budget time coin, have to be reckoned with. But one must not lag behind far too much, lest one should lag for all time.

We do not want to complain, but we cannot help feeling that if immediately after the Resolution was carried a Committee had been appointed and they had gone into work earlier, speedier determination of the whole issues would have been possible. It is undoubtedly a great advance to have military expenditure cut down even by 10 crores if and when they come. One difficulty that I feel with regard to questions of further taxation is this. We have not positive information of the cuts that are going to be accepted as a whole by those who have the last word on the subject. The recommendations of the Esher Committee and the Military Requirements Committee are still awaiting decision in England.

[Sir Deva Prasad Sarvadhikary.]

There is a belief or impression abroad,—I hope it is entirely unfounded—that if this Assembly fails to do what is considered to be its duty either by voting for salt tax or otherwise balancing the budget, an awful catastrophe will follow in the shape of scrapping of some of the most important military recommendations of the Inchcape Committee. I refuse to believe such a possibility. If they stand scrapped, why, the rest will naturally and necessarily fall through. From a telegram this morning, according to the *Times* there has been difference of opinion between Whitehall and Delhi regarding the Budget. Probably this has given colour to the belief to which I refer. But I am quite sure that there cannot be lack of vision or imagination to the extent that if the Assembly fails in the direction indicated anything like the apprehended catastrophe will follow. On the other hand our faith is large in statesmanship and also in the capacity of the Government here to make the two ends meet and to meet the purely temporary deficit that has arisen on account of the cuts not being given effect to in time. Possible alternative taxation has been referred to. We need not labour the points of taxation to-day. We shall do that in due time. Various proposals have been made; cotton export duty is one having regard particularly to what is happening in America now, import duty on silver, export duty on petrol, which at this very moment is finding disfavour in another Chamber, more import duty on the coarser counts of yarn, not much favoured as some others. Various other suggestions have been made which Government will have been to examine and may not again reject. They have fallen back on salt tax in connection with which some people would be inclined to raise constitutional questions whether the objections are not so much constitutional as those of expediency; after having done all that we did last year with regard to this tax and ultimately rejected it, is it fair to the Assembly to ask it to go over the whole ground again, particularly in view of the feeling prevailing in the country. The objection to it is not a matter merely of sentiments, nor is it pressed because the elections are ahead. For more solid reasons both sides of the House feel it their duty to oppose it. As was my duty to explain last year in the earlier part of my life I thought that salt duty was ideal from the point of view of stock arguments that have always been advanced in its favour. I am therefore not troubled with difficulties that are generally attributed to those who oppose salt tax. I go upon the larger issues; now is not the time when further irritation should be caused in the country by what might easily be avoided if the civil and the military authorities will be more helpful. They have been undoubtedly more helpful than in other years. His Excellency the Commander-in-Chief has just come in. I should like to voice the unanimous sense of appreciation of this Assembly that he has assisted the Inchcape Committee to an extent that has resulted in saving about 10 crores of rupees. Still one feels that more, even pending the final consideration of the question, may be done by which the immediate temporary difficulty may be tidied over.

We have to make up 4½ crores. Supposing we could get between cuts that are on the waiting list, so to call them, an additional two crores and a half, further assistance may be had by disposal of portions of the tremendous amount of accumulated stores, with about 60 crores, I believe indicated by the Inchcape Committee. Even if the apprehensions of the Inchcape Committee are well founded that immediate sale on good terms cannot be secured, there might be some relief in this direction. Then there

are the large contingencies, allowances, supply and services and other heads under which some cuts would be possible even now. Even the accepted cuts do not happen to be reflected in the detailed statements before us, nor are our Fiscal and Railway Resolutions. Mr. Ginwala is always frank. He has at last spoken out his real mind about railway policy this morning. He was asked by Munshi Iswar Saran on which side he voted. He may have erred in voting. That does not matter. What he has given expression to will be a warning to all who hope that railway revenue will ever come to the rescue of the country. It cannot and I believe it ought not. Be that as it may, our Resolution was passed and steps are probably being taken to carry out the Railway Resolution and the Fiscal Resolution of the Assembly and some of the Inchoape Committee's recommendations. Pending this it ought to be possible to defer some of the big railway expenses that have been again budgeted on insufficient materials. Last year either because they had no scheme ready or on account of other reasons Government could not spend the whole allotment for Railway rehabilitation and the balance is to be carried over to this year. Let it not be, for you do not know that you are better prepared this year. Then as Sir Basil Blackett told us, the whole of the interest charges provided last year were not incurred. Between the last year's savings on railway and the interest charges there was some saving. There may be things like that again and up the capacious sleeves of the Department there are possibly means out of which the present small and temporary difficulties of the country may be tidied over.

Sir Basil has been complimented, and with that bait appeals have been made to him. I thought the Honourable the Leader of the House had effectively destroyed the microbe of eulogy in this House, earlier in the session. Though no healthy minded Englishman looks out for compliments or ~~compliments~~ on occasions of this kind, he is entitled to the consideration and courtesy due to a new comer, and we are prepared to give him more. But we also want him to examine over again this question of salt tax about which his veteran colleagues know what the country feels. We must see whether by further retrenchment and by some less objectionable taxation, (because no taxation can ever be wholly unobjectionable) and by disposing of some of the surplus stores, by selling and not mortgaging property in the sense that the Finance Member indicated, by means far short of cheating apprehended by him the would-be insolvent could get rid of his liabilities. All these different avenues have to be and could be yet exploited. It ought to be possible to find these 4½ crores; official negative cannot be the last word on the subject as we found last year. No one would be more pleased than myself to be associated in the evolution of this fourth red letter day in the short annals of the Assembly for participating in which the Finance Member has done me the honour of inviting the Budget must be balanced if possible. Coming to some of the details, we find that dealing with the military budget, more than general agreement has not been arrived at between the Government of India and the Home Authorities for which reason full effect has not been given with regard to the military units or parts of units that are to be dispensed with. We find also that there has been increases in the Royal Air Force which was probably necessary because on the efficiency of that force would depend the extent to which reduction in the other directions would be possible. Coming to the second item on page 5 of the military demand I notice and notice with regret that a reduction of 10 lakhs in the development of the territorial forces has been made. Well, Sir, when the Auxiliary and the Territorial forces



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question came up before the late Council, we were given definitely to understand that both would be treated alike and all possible efforts will be made to develop the territorial forces. So far as Bengal is concerned, I am afraid I cannot bear testimony to the rapidity of that development or to facilities for that purpose. We have a sorry tale to tell, which I would rather not go into now; but the materials are there. If means and will are forthcoming, much larger development would be possible and I do not think because of seeming failure here and of disappointment for the time being on the part of those who are organising these territorial units, there ought to be any lack of support such as reduction of funds would indicate.

The whole of the subject being still under consideration I do not think we could usefully take up the time of the House by going into details of the military budget beyond expressing the hope that either under the heads of motor transport and stores, or some of the costlier improvements in buildings or soldiers' comforts and such like things temporary and slight relief could not be given to tide over our passing difficulties.

With regard to the civil estimates the same remarks and request would apply. To a certain extent undoubtedly one has to wait for proper fruition of the recommendations in a legitimate way and things cannot be forced on. But here also, as a matter of extreme necessity, could we not appeal to the authorities to find about a crore or so out of the three crores which have to remain on the waiting list? If this is achieved and if the small taxes in the other directions that have been indicated are resorted to it would be possible to tide over the difficulties.

I am sorry that, before I left the military budget, I did not refer to what many of us have felt. In addition to the training colleges and schools that have been suggested, it is worth while considering whether special classes in selected general schools could not be opened, as has been done in England, with a view of providing at a comparatively small cost, at a large number of centres, materials for the special schools and colleges which cannot come to every body's front door. This has been found practicable in England and with very small expenditure and a great deal of capable and sympathetic organization it would be possible to work out a similar scheme here.

These are some of the observations that strike one on a general view of things and without closer study of the Inchcape Report for which there has been no time. For greater and detailed consideration of what really should be done for tiding over the difficulties which the Assembly must entirely set its mind upon, we must wait for another opportunity. In the meantime I think it is our duty to let Government know that in both sides of the House the feeling against the salt tax is strong and it would be as well to think of the second or even the third line of defence so that deficits may be covered.

**Rao Bahadur T. Rangachariar:** (Madras City: Non-Muhammadan Urban): On an occasion like this it used to be the fashion to review the general administration of the country in all its aspects. But time being so short it is hardly worth while attempting such a huge task, and I therefore, Sir, propose to offer a few remarks on what impressions or depressions have been created in my mind with reference to the budget of this year. Sir, for the last two years it has been our fate to take depressions from the



presentation of the budgets, and it is the good fortune of my Honourable friend, Sir Basil Blackett, to give us more impressions than depressions. He comes at a time when our finances are attempting to steady themselves, thanks to the efforts made by this Assembly, the constant and determined attempt to bring down the expenditure of the country. Sir, there were not wanting those who were ready to tell His Excellency the Viceroy that the Assembly had misbehaved in this matter, that he must restore the grants which had been cut down and that the Government could not afford to follow the advice given by the Assembly. I hope, Sir, that the eminent people who offered that advice to His Excellency the Viceroy are now satisfied that the Assembly were perfectly justified in taking the stand which they did last year. It is a matter for great congratulation, indeed it is a matter for thankfulness on the part of the whole country that we had a strong Committee to sit on the expenditure of India presided over by such a great statesman as Lord Inchcape. He was assisted by eminent persons, both Indians and Europeans, who approached the question with a fresh mind; and the bottom limit which we were told last year had been reached in many a Department proves indeed to have a still deeper bottom to which you can go. Sir, the Honourable the Finance Member, unlike his predecessor who was drafted into this Department from outside the Civil Service, Sir Guy Fleetwood-Wilson, has youth on his side, unimpaired health and an equally well-established reputation for ability. With all that, from his reference to India as his native land, I gather that he is imbued with a love of the country, a love of the heat of this country and a love of the people of this country. Sir, imbued with that love and the times being so propitious, I am sure, with two good monsoons behind and I hope with two good monsoons in front of him, he will have a better tale to unfold at the next budget and the country will be relieved of some portion of the burden of taxation which we unfortunately had to impose upon it during the last two years. Sir, he may also congratulate himself that he has not got in this Assembly—with all respect to the Members present—to meet the incisive eloquence and informed criticism of a Gokhale, or the torrential eloquence of Pandit Madan Mohan Malaviya, or the emphatic utterances of Mr. Vijayaraghavachariar, or the journalistic thunder of Sir Surendra Nath Banerjea, which his predecessor had to face.

Sir, we have the year 1922-25 to review. So far as expectations went, I think they have been pretty fairly realized except in two or three matters which are rather striking. On the income side it is a grievous disappointment that Bengal has behaved so shabbily as it has done in the matter of income-tax. We have been told that we are to pay her  $3\frac{1}{4}$  crores in the shape of income-tax and not to collect from her; and I think that  $3\frac{1}{4}$  crores does not all represent the refund amount; it was really two crores which actually had to be refunded. Anyway our expectations fall short by  $3\frac{1}{4}$  crores in the matter of receipts. In the matter of estimates of expenditure, it is when we come to the Military Department presided over by His Excellency the Commander-in-Chief that we find estimates made which have proved far out of the truth. For instance, in the matter of demobilization charges—I do not know whether His Excellency the Commander-in-Chief is responsible or the Secretary of State—the estimate of 52 lakhs has gone up to 280 lakhs. I do not understand why there should be such wide divergence between the estimate and the actual. So also in the matter of the established military charges; the actual expenditure is Rs.  $4\frac{1}{2}$  crores less than the estimated expenditure on the established charges. We were told last year that they had to frame such high estimates

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because of the rise in prices, but as a matter of fact the prices were falling last year, and when they framed such high estimates, the actual expenditure, when they based such estimates on high prices, their actuals have come down by Rs. 4½ crores in the matter of the established charges. Reviewing the condition of the country during the passing year, we cannot congratulate ourselves that trade has very much revived. Wherever you go, if you meet traders they speak of the depressed condition in the trades. Capital is very difficult to get; the rates of interest, both the bank rates and those in the market, continue to be high. General prosperity is very low. Railway earnings and the Postal and Telegraph Department tell their own tale in that direction, and most important items stand neglected; we have not been able to show any achievements in the nation-building Departments. There are sources of wealth which have not been tapped; we have forests and mineral wealth in the country for which Indians have not been educated and trained to work them up and bring out the wealth for the use of the country. The much-talked of school of mines at Dhanbad has still to come into existence, and I see that the Rerrenchment Committee have proposed that that scheme should be held in abeyance for another two years; and I do not know that the wealth of the country has increased during the current year. It is true we are eking out a living existence. But we cannot show that any of our scholars have added to the literature of the world. None of our chemists, none of our inventions can be said to have added to the reputation of this country; so also regarding education in every direction, we cannot lay much flattering unction to our souls and say that our country has shown its strength in these matters; and with the deep insight which our Honourable Finance Member must now have got into the finances of this country, I had expected in his speech that he would have dealt with the economic condition of the country what story the figures tell him as to the economic condition of the ryot in this country and of the middle class people in this country; I had expected some criticism on his part, with the aid of the figures which he must have gone through very carefully. I suppose the speech on the Budget is not the occasion for any such revelation or disclosure to this Assembly as to what impressions in that direction they made on his mind. But we would have welcomed any such criticisms on his part as being informing and useful for us to turn our activities in the direction which he may have indicated. Sir, I had thought we had sung the last song in connection with military expenditure last year, but I am sorry to say that the time has not come for us to cease to sing in that direction. My Honourable friends speaking both this morning and this afternoon have been congratulating themselves too soon, I think, on the effects on the military expenditure so far achieved, on the result so far achieved. Sir, we were told last year that the time had not yet come, at any rate last year was not the time for making reductions because there was the Moplah trouble, that there was a doubtful factor in the interior conditions in the country, that the ink of the Afghanistan Treaty was not yet dry, that there was rise in prices, and various other doubtful interior and exterior factors, which induced His Excellency the Commander-in-Chief to take the view that the time was not yet for diminishing the strength of the units or the number of the fighting units in this country, but I hope His Excellency has now satisfied himself that he was rather too pessimistic in his estimation of the situation of the country. The country has behaved magnificently during the year, and the exterior borders have not given as much trouble as they used to, thanks to the efforts, the strenuous efforts

made by the Chief Commissioner of the North-West Frontier Province during the last year. I wish such efforts had been made in previous year; in fact if action had been taken in previous years in the direction in which Sir John Maffey took action, last year, the conditions in the frontier would have been much better. It was due to the neglect of the internal condition of the districts and of the people therein due to the vacillating policy which was adopted, due also to the policy of petting and fondling with the tribes across, that one heard of the unfortunate conditions in the North-West Frontier districts. But things being so much better than they were, I hope His Excellency the Commander-in-Chief will see his way to accepting the recommendations and to strongly recommend the adoption of the recommendations made by the Inchcape Committee with reference to the fighting units in the military forces of this country. I find, Sir, that there is a fatal fascination for No. 62 in the Military Department. We began our career with 62 crores in 1921-22. We were told last year to budget for, or rather to agree to the allotment of 62 crores last year, although it was really 67.75 crores, and this year also we are told that the allotment is 62 crores! It is rather a fatal number, and I hope His Excellency the Commander-in-Chief will see his way to consenting to some other figure than 62, and I hope to be able to satisfy him that it is quite possible to adopt a much lesser figure than 62 (*A Voice*: "32.") Sir, if you compare the military expenditure in this country and either the gross revenue of the whole country or the net receipts or the gross revenue or the net receipts of the Central Government, the burden of expenditure is nothing which can compare favourably with any other country in the world. It was justified last year, as I have stated already, on false grounds. As a matter of fact, far from there having been a rise in prices, there was a fall in prices, so much so that the estimates fell by 190 lakhs,—the actuals fell by 190 lakhs less than the estimates for stores and stocks. Now Waziristan, after all, accounts only 3.85 crores. What about the rest? The rest is concerned in what is known as the established military charges. It is the established military charges that we should seek for further reduction in. Excluding the two uncertain items of the discharge of surplus officers and Waziristan, let us examine the figures. Sir, out of a recommendation for reduction made by the Inchcape Committee of 13.95 crores, I find the military authorities have adopted only 5.75 crores for the next year's Budget. If the civil portion can adopt 6.6 crores out of 8.5 crores recommended, if the non-military portion can adopt 6.6 crores out of 8.5 crores recommended, why should the military not take off more for the coming year? If we examine it more closely, we find that in the matter of established charges there has really been no change effected in the coming year. In 1922-23 the established charges were budgeted for at 65.9 crores, whereas the actual was only 60.59, and for the year 1923-24, for established charges we are budgeting for 59.68—a difference of 90 lakhs. This difference of 90 lakhs is made up of, and in fact is more than made up by reductions in the marine and military works. Marine accounts for 62 lakhs, and the military accounts for 70 lakhs, so that the two together come to 132 lakhs, whereas in the established charges there is only a reduction of 90 lakhs. So that when you come to think of it, there has really been no effort made in reducing the established military charges. It is in that direction that reduction has to be made. Unless substantial reductions are made in the established military charges, the recurring charges are bound to continue. Waziristan is not going to be an eternal burden. The discharge of surplus officers is not going to be an ever-lasting question, but the established military charges are going to

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be an eternal burden, and it is there recuts have to be made; it is there cuts have been recommended, and it is there, I am sorry to see, no effort has been made to reduce the expenditure. That is why I stated that my Honourable friends who have been congratulating His Excellency the Commander-in-Chief have been doing so too soon. Sir, reductions made are due to automatic causes, such as fall in prices, windfalls, namely, large stock of stores on hand due to war and other things. Such reductions are really no reductions for which we can take credit. Reductions due to reduced activities and real economies are the reductions we have to look for. Now let us see if you have done so. Have the number of Units been reduced? Has the strength of the Units been reduced? Has the proportion of officers to men been reduced? Have the command charges and those of the District Commands been reduced? Has there been any economy effected in transport? Has there been any change in the system of contracts by which you really introduce economy in the purchase of things? Has there been the substitution of the Indian agency for the more costly British agency? And has there been any real change of system? It is in these directions that we have to look for real reductions, and when I look for changes in these directions, I fail to trace any change—it may be my ignorance of the figures—but I fail to see any change in any of these directions. The figures do not disclose, nor do the marginal notes, which also I carefully searched, any such tendency. It may be, as I said, my ignorance of the figures, but I tried my best in the last two days in the spare hours I could get to find improvement in these directions, but I regret to say my search has been in vain. Sir, much also depends upon the determination of the policies, both as regards the frontier and as regards the Indianization of the services. These are matters, I know, in which His Excellency the Commander-in-Chief has not a free hand, nor for the matter of fact the Government of India—I am sure these matters will be dictated from elsewhere, but I hope the Government of India and His Excellency the Commander-in-Chief will put their heavy pressure in one direction and see that the country is relieved substantially in these directions.

Now I think the time has come for the Honourable the Finance Member, like the Chancellor of Exchequer in England to say, I will give you only so much, say 40 per cent. of our net revenue. I do not object to it. I daresay it will be admitted as a high percentage, but let it be 40 per cent. of our net revenues which we should give for the military and they must make their budget according to that. (*Mr. Jamnadas Dwarkadas*: “The Brussels Conference recommended 20 per cent.”) I know, but I am prepared to go up to 40 per cent. Let the military be satisfied. I think the time has come for some such thing to be done, not by this Assembly because we are powerless in the matter, but I hope the Government of India will tell the military authorities ‘thus far and no further and you must make your budget according to that amount.’ That was done by the Geddes Committee.

**Mr. President:** Will the Honourable Member bring his remarks to a close?

**Rao Bahadur T. Rangachariar:** I will, Sir, in a moment. There are various other matters of policy which this Assembly has now settled, for instance the Fiscal policy, the railway management and so on. This leads me to another important matter. What are the Indian Members

of the Executive Council doing? Three of them there are. What portfolios are they in charge of? Are they going to be entrusted with the carrying out of any of these broad policies which the Assembly has laid down or is it to be left to be carried out by the conservative section in the Government of India? I wish, Sir, that an ambitious Indian will take charge of one of these important departments and see that the policy laid down by this Assembly is really carried out, so that it may not be said, as was said by Mr. Ginwala 'Oh, the railway management is going to be a failure.' Well, place it in the hands of an ambitious, youthful Member who will really put his heart and soul into it. I promise Mr. Ginwala that it will be a source of profit and the crores and crores which we have sunk in railways will be redeemed for the country. As I said already, Sir, this is a tempting occasion on which you can indulge in all sorts of things, but as I said the time is too short. I would therefore once more point out that we really need have no deficits. In the matter of Railways, the Retrenchment Committee have suggested a reduction of 4.59, and I see that the Railway Budget is taking credit only for 3 crores this year. What about transferring redemption of annuities to the capital amount? That will give you at least a crore to your credit. That may be transferred excluding the interest. Why should it not be added and also various other things such as the Secretary of State's expenditure in England? I see the Retrenchment Committee have advised considerable reduction in the Secretary of State's establishment. Why should it not be carried out this year? So also there are various other ways in which the 4 crores can be got, the military after giving up the figures of 62 can come to 58 or 59 or even 60, so that it will give us another 2 crores. The Railways can give us one crore, and the other civil establishments can give us another crore. I therefore think that we can certainly make up our budget without any deficit, and if really there is a deficit of one crore or more, by all means put an export duty on petrol. Make it that way instead of making the poor people pay, as my friend Mr. Ginwala suggested. I leave the landholders in the hands of my friend, Mr. Seshagiri Ayyar, against Mr. Ginwala. But I will say only this. Does he know that the Madras Government is carried on by the revenue paid by the landholders? Out of the 12 and odd crores they spend, nearly 9 crores come out of the landholders. Does he know that when other people pay 3 or 4 annas, as income-tax, we pay 9 annas in the rupee as tax? Let him take lessons in that direction instead of being envious of landholders. I can advise him to safely entrust his savings to me for investment in lands and I will render a true account to him and he will find that he will get less than 2 per cent.

**Lala Girdharilal Agarwala** (Agra Division: Non-Muhammadian Rural): Sir, I congratulate the Honourable Sir Basil Blackett and his staff for production of the insolvency budget for the ensuing year with great lucidity and clearness. Congratulations are no less due to the Honourable Sir Malcolm Hailey for his substantial help and guidance.

Poor India shall ever remain grateful to the Right Honourable Lord Inchcape and every member of His Lordship's Committee for their Herculean labours in the line of retrenchment in her abnormal expenditure especially the military.

They rightly say "the expenditure which has been incurred in the past may have been inevitable, but the question is whether India can afford to maintain military expenditure on the present scale as an insurance against

[Lala Girdharilal Agarwala.]

future eventualities." "In our opinion," they say, "the repeated huge deficits of the last few years in spite of imposition of heavy new taxation have made it abundantly clear that India cannot afford this expenditure. So long as peace conditions obtained the first essential is for India to balance her budget and this can only be secured by a very substantial reduction in the military estimates."

It is surprising to find that in the British Infantry the peace strength of the army is more than the war strength. On comparing the figures we find in 1913-14 British officers 28, British other ranks 1,004, followers 37, total 1,059, while in 1922-23 we find the same number of British officers, 1,012 British other ranks, 45 Indian ranks, 73 followers, total 1,158.

The proposed strength for 1923-24 shows that while only 62 Indian officers with King's Commission in fighting units, cavalry, infantry and pioneers are to be appointed, the number of British officers is 3,324. Out of a total of 6,828 officers holding the King's Commission, not more than 66 places are reserved for Indians. Artillery, engineers, signals, armoured car companies are all barred against Indian commissioned officers.

The commissioned officer of the Royal Air Force 227, military training and education 222, remounts 21, even ordnance and clothing 100, veterinary 38, medical 780, supplies 200, mechanical transport 141, animal transport 63, army headquarters, headquarters of command, district and brigades, embarkation staff and railway transport staff 518 are all Europeans. May I ask why are not any Indians employed for these posts even now?

The reduced budgeted military expenditure still stands at the appalling figure of over 65 crores of which it is said 3 crores might perhaps be realised.

Rs. 4.25 crores have been allowed for special expenditure over Waziristan. India cannot afford the luxury of Waziristan any longer. The Government policy requires complete overhauling. India is groaning under the weight of heavy taxation and while in other countries taxes, duties and railway rates are on the decline, our country has unfortunately to double the duty on salt, what to say of reduction. India is being crushed under the steam hammer of local, provincial and Imperial taxation and instead of any relief being offered, it is proposed to raise a rupee loan of 25 crores, and a sterling loan of 15 million pounds.

His Excellency the Viceroy has taken the lead in economy by retrenching his own body guards and band thus saving Rs. 82,000. Thanks to His Excellency. In my province the Honourable the Ministers and the Deputy President of the Legislative Council, all Indians, have agreed to make substantial reductions in their salaries, and the Indian Member of the Executive Council of my provinces has agreed to forego his salary altogether. Their self-sacrifice is commendable.

The current year's deficit in the Central Government alone in India stands at the appalling figure of 17½ crores as compared with the British finances where revenue exceeds expenditure by 86 million pounds sterling. The bad financial condition of India and the present policy of the Government are the cause of heavy taxation which lead to widespread discontent in the country. I suggest export duty on petrol, instead of doubling the duty on salt, increase of duty on salt will be greatly resented in the country.

**Mr. W. S. J. Willson** (Bengal: European): Sir, my feeling upon the conclusion of the Honourable the Finance Member's speech was one of

profound satisfaction that the position was no worse. We had known all along that revenue was not coming up to expectation and we had known that expenses had been largely exceeded. We have now piled up the high debt of 100 crores, and I quite agree with the Finance Member that the time has come when we must balance our budget. We all know that money at 5 per cent. interest only doubles itself in 13 years and a fraction and we have been piling up this debt from the beginning for five years out of that time. It was, therefore, a great satisfaction to me to find that he was attempting to balance his budget by genuine retrenchment and had only suggested one extra tax. I am sure he will find the House will support him through thick and thin in all his efforts at retrenchment, and having recently had this very wonderful report of the Inchcape Committee in our hands, the first thing that strikes us all is that we must look to our biggest spending department for our biggest retrenchment. I do not think anybody can read this through without realising that it took to get this retrenchment not what Mr. Rangachariar called a great statesman but one of the finest commercial brains in the British Empire. These retrenchments are suggested by a business Committee and therefore they are entitled in every way to our support. Sir Basil Blackett said that he would like to see the saving habit finding its way into an investment habit. My Honourable colleague, Mr. Darcy Lindsay, in some very good work which he did in propaganda in war time found in selling his post office cash certificates that there was a feeling against them on the part of the public because they were issued in single pieces of paper which were apt to get lost. I therefore make to Sir Basil Blackett a present of the suggestion that, if he can explore that matter and possibly issue cash certificates in the form of either a post office savings bank book which again might be deposited at the post office in exchange for a metal token he might be able to arrive at a higher percentage of investments on the part of the public. I regret very much, Sir, as one always must that he has found no means of reducing the taxation. Now, of course, we know that, when you have to balance the budget, that is the first duty, and until it is done, we cannot come and ask for grants for the nation-building departments. But I feel that I may ask for, as I am directed by my constituents to ask for, some consideration for the taxes on food-stuffs which press very hardly upon the public. That matter was dealt with this morning by Mr. Spence who pointed out very rightly that the public would not buy tinned food-stuffs and bottled food-stuffs imported into this country if fresh equivalents could be got here and I know of no more unpopular tax than the tax on food.

Another point that I am strongly to press for is for some consideration in regard to the motor taxes. That was also dealt with by Mr. Spence and as Sir Basil Blackett used the expression "so-called luxuries"—I think he does not call them luxuries and it is unnecessary to argue that point. But I do wish to point out that we have first of all to pay our income-tax and then to turn round and tax us on the motor cars which are used as a means to go to our offices and business to earn that income is extremely hard. Motors are a necessity, or firms would not, as they do, provide several for their staff to save their time and expedite their affairs. Sir Basil Blackett gave a figure. He said that he found imports last year were double the year before. The figures I have are only for 10 months of the year but they were 3,658 last year against 2,895 the year before.

The point I wish to make there is that the year before, 1921-22, was an extremely bad year and therefore, even if his figures are correct (which



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of course they ought to be), that the import has doubled, it in no sense shows that the taxes are not pressing hardly on the trade. This 30 per cent. tax has had the further effect of reducing the import of British cars down to 10 per cent. of the total, it was 24 per cent. the year before. Now, the Customs House is supposed to be one of our commercial departments but it does not seem to me to be a very sound commercial principle to overcharge the cars which burn the most petrol, which pays you 6 annas a gallon and which used the biggest tyres which also produce most revenue. The tax has, in the opinion of the trade, directly resulted in making a present of the highest percentage of the trade to Canada and America and I am not aware what Canada or America have done for India that we should assist them to acquire the trade at the expense of the United Kingdom. The taxes have also pressed very hardly on the taxi cab industry and have reduced it to an absolutely unpayable proposition. The motor car firms are losing enormously. One firm in Calcutta lost 14 lakhs last year. Another one lost 8 lakhs and another 4 lakhs. They are losing all round and you have not to go very far from this House itself, to find a notable example in Delhi. On the question of petrol taxes, Sir, I am bound to agree with other speakers who have said that we would willingly see a production tax put on if thereby we can get some relief for the petrol tax we have to pay as consumers. On the whole, Sir, there is this one point I did not notice in the new Finance Member any particular sympathy towards this particular trade. But I hope the facts which I have now put before him will elicit his sympathy, and I hope he would give his consideration to those points, because I am convinced that it will not cause him loss of revenue which he is not in a position to face. I firmly believe that with this encouragement given to the trade, the added trade will more than compensate for a loss of percentage of tax.

**Mr. K. Muppil Nayar** (West Coast and Nilgiris: Non-Muhammadan Rural): Mr. President, I have heard it said that a budget speech resembles, what we call in my part of the country, *aviyil*—a preparation of all kinds of vegetables cooked together. I, however, propose to make only a few general remarks on our position as revealed by the Honourable the Finance Member on the 1st. I listened to his speech with mingled feelings—with feelings of pride, gladness, and some amount of satisfaction, at his courage, frankness, optimism and his endeavours to meet the present situation, and with feelings of disappointment, pain, and regret at his results and conclusions. None in this House, and largely outside it for the matter of that, will grudge him the sympathy that he so richly deserves on the sudden and almost superhuman uphill task with which he has been confronted almost in the very beginning of his present official career. And, if some of us on this side of the House fail to rise up to his expectations or to wholly endorse his conclusions, I am sure we can count on our Honourable colleague's viewing our position with equal sympathy. Sir, I agree there is little use in referring to the irreparable past. One could only wonder how the Government could have been in the past so utterly negligent of the future of this country, how they could have got into such a mire that dragged them deeper and deeper into it as year after year passed by. Only if wisdom had dictated a few years back some of the present reforms, how much happier would have been our position. But, there is no use crying over spilt milk. The fact remains that continuous years of annual deficit, of over-estimating our revenues and under-estimating our expenditure, of neglect in necessary economy and of large borrowings have stranded us on



the verge of insolvency which the Honourable the Finance Member warns us against. Our expenditure has gone up and our national debt has increased in spite of heavy additional taxation and we are now trying to see how we can get back to a place of comparative safety. Our grateful thanks are due to Lord Inchcape and his Committee, who have acted as our guides in cutting a path, for their valuable suggestions in the matter of retrenchment, to the departments concerned for realising at least now the absolute necessity of agreeing to cuts and to the Finance Department for so quickly translating into action some of the proposed reforms.

But, in spite of all efforts what is our actual position. All the life of this House we allowed fresh taxation, and we had been a set of Micawbers. This year at least I hoped that we might approach the electorate saying, "We have made no fresh call on your purse." In fact, I hoped we might have shown them something on our credit side, something in the way of reduction in Provincial contributions which must indirectly benefit the people. On this subject, the Honourable the Finance Member first calls on the Provinces to exhaust all their resources; but, so far as Madras is concerned, no one will say that she has failed to do her best, not only now, but all along. He then says that it has been suggested to him that the Provinces are copying certain charitable bodies which make a habit of showing an annual deficit in order to make their supporters come to their rescue. But cannot the same argument be used by the Provinces? Cannot the Central Government be equally strongly accused of taking a leaf out of the book of the institutions referred to, so that the Provincial contributions, or the charities from the Provinces, may be continued? Why, I have heard it suggested that the present taxation proposal is only a false alarm and that the deficit is unreal—one which is made out that we may not cry out for any reduction in taxation or worry the Government with any of our schemes. But to come back to the point, as a matter of fact, not only has my second hope been most regretfully unfulfilled but even the former that of no fresh taxation this year has been shattered. We are actually asked to raise fresh taxation to the extent of 4½ crores and this on salt. Are we not already in darkness? Why then add to it? I say to the Honourable the Finance Member, "Let there be that one last, long and strong pull you demand, but from the heavy expenditure branches." If, even after that, taxation is found necessary, well, then, this House must co-operate with the Government. But do not make the test so hard for us. Let us tax something that is not quite so essential as salt, something which will not tell on man and beast equally, something which will not wound quite so much the popular feeling. Let there be no mistake. The non-co-operators, who are to be our rivals at the ensuing elections, are only doing this, we are told, to thwart the Government's efforts. They wish to come here with no good intentions towards the Government, and, in my opinion, they are not coming here in the best interests of this country. Let us not anyway present them now with a serious and effective weapon to attack our friends. One word more and I have done. If the Honourable the Finance Member and we put our heads together and avoid any fresh taxation and also at the same time manage to give something to the stricken Provinces, that, Sir, will be the fourth red letter day for which he is looking out.

**Rai Bahadur Pandit J. L. Bhargava** (Ambala Division: Non-Muhammadan): Sir, it would be an act of ungrateful stinginess if the Assembly withholds its acknowledgments to the Finance Member for the able and lucid manner in which he has presented the budget. It would at the same-

[Rai Bahadur Pandit J. L. Bhargava.]

time be an act of unpardonable pusillanimity if the Assembly agrees to give the last and the strong pull appealed for, taking all the angularities of the budget rounded off by the pleasant suavity of the Finance Member.

Great hopes were raised in the country that the trident of Lord Inchcape will mutilate the demon of military expenditure and prune out the fungous growth of civil expenditure thereby bringing the financial position of India to a healthy level.

The appointment of such a renowned financial expert as we possess in the person of our distinguished Finance Member to the Finance Portfolio of the Government of India promised to us the solution of the currency and exchange difficulties and the rehabilitation of Indian finances on a sound and firm basis.

It must, however, speaking in the language of plainness itself, be stated that the hopes have received a shock and the rock of military expenditure has proved too adamant and hard to have been sufficiently impressed even by the sharp axe of Lord Inchcape and the firm grasp of our Finance Member.

In fact, the axiomatic truth that the straight line represents the least distance between two given points cannot be circumvented and howsoever clever the doctor you may engage, whatever expedients you may employ to put off the evil day, unless the root causes are removed the disease will grow desperate and desperate and end fatally.

The present exorbitant expenditure in the administration of India is bound to continue as long as the present system of administration continues and full responsible Government is not granted to the country and the services are not fully Indianised. The military expenditure alone absorbs about half the revenues. In the civil expenditure also, on account of the alleged indispensableness of the non-Indian agency the services are very highly paid and despite this the Royal Commission on services is thrust upon India in defiance of the wishes of the Legislature and perhaps of the Government of India.

This costly administration is popularly regarded as the *sine qua non* of bureaucratic rule. When the relations between the Government and the people are strained and both do not see eye to eye the employment of C. I. D. establishment on extensive scales and the engagement of military and police forces on a scale more excessive than a popular and national Government need employ are necessary consequences.

In spite of some superficial cuts at the hands of Lord Inchcape's Committee on the military expenditure the public believes that the military expenditure is much more than a national Government need incur in the interests of India and if the Indian Finances are to return to normal and healthy conditions the military expenditure must be considerably reduced.

It is not at all strange to find in the budget that the revenues from the railways have not come up to the estimates. An abnormal rise in railway fares and freights does not connote corresponding or necessarily much increased income.

The public expected that the fares and freights in railways and the postal and telegraphic charges would be reduced but they have been sorely disappointed.

The present deficit in the budget is very deplorable but the remedy suggested is much more so.

The doubling of the salt tax involves the taxation of the poor people in a commodity of their daily use.

To deprive or lessen the supply to the poor of the only thing other than grain consumed by him, *i.e.*, salt which is all by way of vegetables, condiments, *dal* and meat which he uses with his bread is to inflict an injury more real and substantial than that which those to whom the price of salt in their dietary is a matter of no moment can imagine. It is generally said that this House is not the true representative of the masses because the franchise is so limited. I would ask the House if it will be justified in taxing the poor who are unrepresented in that sense in this Assembly. Will the Assembly by consenting to such taxation not be pleading guilty to the charge that it does not look properly to the interests of the poor masses of the country? I would fain be charged with pusillanimity at not facing the issue in the face rather than be credited with gallantry by injuring my poor countrymen at their back.

If the deficit cannot be met in any way other than fresh taxation, tax the rich or the middle classes.

I am therefore strongly against the doubling of the salt tax.

As regards exchange I would press upon the attention of the Government that half remedies and make-shifts will not do.

We all remember the capricious changes in the exchange last year, how it ruined trade in India and eluded all calculations of the commercial classes doing incalculable injury to Indian finances and credit. If the question is not seriously tackled and solved under the able guidance of our present Finance Member one may have nothing but disappointment for its solution in the near future. I would therefore submit with all the emphasis at my command that this question may not be indefinitely postponed but immediately tried to be solved.

The only other subject which I would touch in the short time at my disposal is Provincial contribution.

Sir, on this subject I speak with some feeling. The Punjab from which province I have the privilege to come, has in spite of increased taxation and retrenchments shown a heavy deficit this year and the uneasy feeling is hard to conceal that the Punjab has not been fairly treated as regards these contributions.

It was expected that the Financial Member shall rise to the occasion and come to the rescue of the Punjab but we have been disappointed.

The Finance Member's prospective assurances will not avail us much and his call for loyal co-operation from all the provinces for hastening the day of release was hardly merited by us who have never spared men or money for the sake of Imperial concerns.

I do not think it is too much to hope that the claims of the Punjab in this connection will receive the due attention they deserve as soon as opportunity offers for the solution of the difficulty.

**Mr. J. Chaudhuri** (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Sir, I shall not indulge in any platitudes and in that respect I hope I shall not disappoint my Honourable friend, Sir Deva Prasad Sarvadhikary. I shall confine myself to the very simple issue that this budget can be balanced without a single pice of additional taxation. I look

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at the Honourable the Finance Member sitting on the opposite bench and I find crores concealed within his sleeves. Not only there, but I also look at His Excellency the Commander-in-Chief, who, in anticipation is shaking his head, he has also many a crore up his sleeves. I do not find my Honourable friend, Mr. Innes, who is hiding his lights somewhere in the corner, but he too has got some crores up his sleeves. But if they are not available just now, I am sure that they will be forthcoming before long. Now, Sir, the Honourable the Finance Member has no reason to take a pessimistic view and I do not believe that he takes a pessimistic view in his budget. He has used certain expressions which might create some alarm in the minds of the Members of the Assembly, but I shall disabuse them of it. As Finance Member, as a responsible Minister, he is bound to err on the side of caution. But my complaint against him is that he is overcautious. Sir, when two years ago the first Budget was placed before this reformed Council, we took a very despondent view, and to-day I see a ray of hope. No, not only that. I have reasons for robust hope, that we are not guiding the bark towards insolvency, but we are on the high road to solvency. I shall refer to a passage in the speech of my Honourable friend the Finance Member where he says:

“ We should quickly get the boat out of the vicious current which is threatening to drag India down to the rock of insolvency.”

I used a similar expression when the budget was presented in 1921. What was the position then? We had to face a deficit of 34 crores, and what did we suggest? Retrenchment. Not only that. I do not find my Honourable friend, Sir Malcolm Hailey, here. He not only presented us with a deficit of 34 crores, but he gave us a legacy of another 30 crores carried over from pre-reform days. Now, I have asked certain questions in this House, I seldom ask questions, but when I do ask questions I do not ask them without a purpose. Sir, to some questions I asked not long ago, and the Honourable the Finance Member told us in reply that our losses through the reverse Council Bills came up to 28 crores. My Honourable friend, Mr. Burdon told us also, and he gave us an account, that Waziristan had cost us nearly another 28 crores. Further, as I said before, when we came to this

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Council Sir Malcolm Hailey gave us a legacy of another 30 crores. That was chiefly due to the Afghan War. My Honourable friend the Finance Member refers to an increase in our public debts of 100 crores through deficits and says that our credit is in jeopardy. I say nothing of the kind. He puts our unproductive public debts down as 224 crores. From memory I account for 100 crores in this way.

**The Honourable Sir Basil Blackett** (Finance Member): If the Honourable Member will study the accounts, he will see that the loss of 28 crores which was incurred in Reverse Councils is not included in the 100 crores. I think that will show that the figures he is quoting are incorrect.

**Mr. J. Chaudhuri:** In the last five years, up to last year, our deficits came up to 121½ crores.

**The Honourable Sir Basil Blackett:** The Honourable Member is mistaken.

**Mr. J. Chaudhuri:** First, since 1918 to 1921 our deficit was 56 crores, then in 1921-22 it was 34 crores, then again in 1922-23 it was 31½ crores and thus the deficit amounted to 121½ crores. We also remember that we made

a war contribution of one hundred crores, nay, more, 150 crores. That is what our predecessors did. That accounts for 224 crores, nay, more. The whole of it is due to military expenditure.

But what is the whole of our public debt? The balance of our public debt 557 crores is revenue earning debts. So, if our finances are on the high way to rehabilitate themselves, then this debt does not trouble us. The Finance Member points out that our unproductive public debts come up to 224 crores. He also points out what it is in England. The interest that Great Britain pays on account of debts to-day comes up to her pre-war revenue. So we may put aside the question of our public debts for the present. If we can put our finances on a sound footing, then I see no cause for alarm. We shall get enough time to work off our unproductive public debts by a suitable sinking fund.

I have said, His Excellency the Commander-in-Chief has kept a number of crores up his sleeves. The Budget that my Honourable friend, the Finance Member, has presented comes to this, that his deficit comes up to 4½ crores. I shall read a passage from his speech :

“ If these reductions and the others which have been agreed upon could have been fully and effectively in operation on the 1st April 1923, then the military budget for 1923-24 would be 57 crores, 75 lakhs, but a sum of 4 crores, 25 lakhs has to be allowed for special expenditure in Waziristan ”.

This is exactly the amount he wants to raise by levying a salt-tax. I know, my Honourable friend is fond of humour. I do not know whether he has put down this identical figure for fresh taxation as a practical joke.

**The Honourable Sir Basil Blackett:** It is rather difficult when the Honourable Member is constantly inventing figures out of his inner sub-consciousness to keep correcting all the time, but if the Honourable Member will read the sentences further on he will see there is nothing like what he said about 4 crores, 25 lakhs being spent in Waziristan. If he will read on he will see that it does not say what he thinks it says.

**Mr. J. Chaudhuri:** I will read the sentence again and read it through :

“ If these reductions and others which have been agreed upon could have been fully and effectively in operation by the 1st April 1923, then the military Budget for 1923-24 would be 57 crores, 75 lakhs, but a sum of 4 crores 25 lakhs has to be allowed for special expenditure in Waziristan and for the fact that the reductions cannot be in full force throughout the year.”

That is, for the next year we have to make provision for 4 crores 25 lakhs for Waziristan. I shall show now what amount of money we have sunk in Waziristan and we are sinking at the present moment. I read from Sir Malcolm Hailey's budget speech in the year 1922. He says :

“ Under military expenditure, it will be remembered that we allowed 62 crores 20 lakhs of which 3 crores was attributable to Waziristan and one crore expenditure on demobilisation.”

Later on he says :

“ During the year, however, operations in Waziristan continued, contrary to our expectations on the extended scale set up in the concluding months of 1920-21 and altogether our expenditure on operations in that quarter have cost us 6 crores, 75 lakhs.”

I say that now that the Retrenchment Committee has recommended a reduction of 10 crores in our military budget, we are told that recommendation cannot be given effect to till the end of the next year because of our Waziristan policy and further I would draw the Finance Member's attention to the fact that the Inchcape Committee also recommended that it is possible to reduce the military expenditure further by 7 crores and bring the

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budget down to 50 crores. With regard to that His Excellency the Commander-in-Chief even before I mentioned the fact began shaking his head, because he believes he has done a lot. But with regard to Waziristan policy I would ask His Excellency to display the same courage in the field of finance as he has done in the field of battle and reduce expenditure to the limit of our revenue. What will the common tax-payer, the man in the street, say after you have raised the price of salt to double its present price. I am sure His Excellency would not like it to be said by the poorest of the poor from every home in India that we owe this to His Excellency the Commander-in-Chief. He will be a great public benefactor if he will cooperate a little further and relieve the Indian tax-payer of 4½ crores.

Then I shall ask my Honourable friend, Mr. Bray, how long are the Government going to pursue this policy in Waziristan? A fortune has been sunk in the gap and what have we got in return? We are told every year that two crores or less will suffice and in a supplementary budget we find crores piled up and this year again the Finance Member says that we have incurred expenditure over and above the budget estimate to the extent of 175 lakhs.

I do not wish to go into the detailed figures. I have given sufficient indication that unless the forward policy in Waziristan, in that no-man's land, in which no improvement has taken place during the last two years and in which nothing has been achieved but the killing of a few sheep and cattle by dropping tons of bombs from aeroplanes—unless this policy is abandoned and if we continue to indulge in this pyrotechnic show, then the whole of India's fortune will be swallowed up in that bleak and barren mountain-country. Sir, I shall now leave His Excellency the Commander-in-Chief and my Honourable friend, Mr. Bray, to initiate a policy which will save the Indian tax-payer.

I shall say one word with regard to the railways. I shall reserve my further comments for the time when the demands are made; but I would draw the attention of the Finance Member to the fact that year before last we paid 9½ crores out of our revenues to the railways. Last year we paid another crore. Were not these 10½ crores paid for charges for renewals, interest and current expenditure? Leaving aside the question of the separation of the railway from the general budget, may I ask, are we not entitled to get back that amount now that the prospects of railway earnings are much improved? You have enhanced the freight and fares and in a year or two you will get an ample return. Would you not get back that 10½ crores? If so, why impose this taxation? Even if we have to wait for another year, what will it mean to the tax-payer? A deficit of 4½ crores uncovered will mean in interest only 25 lakhs or a little more. But pending this re-adjustment of the budget, why enhance your taxation? That is not sound finance. I say, if you cannot balance your budget at once, keep it in abeyance for a little while and you will surely be able to wipe off the deficit, if you are in earnest. With these remarks I will close.

**Mr. Denys Bray** (Foreign Secretary): Sir, the Honourable Mr. Chaudhuri took credit to himself at the outset of his speech that he was not going to indulge in platitudes. I think the House would have been better served had he done so. For there is at least one admirable element in platitudes, and that is some degree of accuracy and verisimilitude. Take that amazing discovery of which he made so great a play. He discovered that the Honourable Finance Member had said "we are thus left with a deficit of 4.26

crores"; and then he discovered in the Honourable Finance Member's statement further back that "a sum of 4.25 crores has to be allowed for special expenditure in Waziristan and for the fact that the reductions"—namely, the reductions in troops, reductions that have nothing to do with Waziristan—"cannot be in full force throughout the year." Let me say at once that the special military expenditure in Waziristan estimated for the coming year is 1.69 crores, which, if all goes well, will practically disappear from the budget next year. The special political expenditure is estimated at 91 lakhs, of which 52 lakhs is non-recurring expenditure on the building of roads and posts.

Now when he spoke of Waziristan in general, indeed he was indulging in platitudes. He may have thought that he was delivering a trenchant attack on Government policy in Waziristan. Sir, he was doing nothing of the kind. He was arraigning an authority infinitely higher than any earthly Government for allowing the very existence of a scourge like Waziristan on India's borders. He is not the first to have 'troubled deaf Heaven with his bootless cries' over Waziristan; nor assuredly will he be the last.

But let me endeavour to explain to the House what Government policy in Waziristan really is. And, as the matter is somewhat technical, I think I can probably help the House best by giving an outline, as brief as possible, first, of the general frontier problem, and secondly, of those solutions which two famous schools of frontier thought in the past have propounded for it. For although the House of course contains Members like my friend Mr. Abdul Rahim who knows the problem from bitter first-hand knowledge; Members like my friend Mr. Samarth who has made the frontier problem his study; Members like my friend Dr. Nand Lal whose speech apparently implied that neither knowledge nor study was needed for it; and Members like my friend Mr. Chaudhuri, of whose speech I will say nothing more, it doubtless also includes Members like a friend of mine somewhere on my left who said to me that he would be grateful if I would expound to him the very A. B. C. of it. Well, the ingredients in the frontier problem are essentially three.

**Dr. Nand Lal:** Sir, I rise to make a personal explanation. If my learned friend will advert to the speech which I made last year, then he will have to admit that his view of my knowledge of the Waziristan policy is wrong. I know as much about the North-West Frontier as he does.

**Mr. Denys Bray:** I have so far made no claims to knowledge for myself.

**Dr. Nand Lal:** Then you have no right to . . .

**Mr. President:** Order, order.

**Mr. Denys Bray:** If I have said anything that offended my Honourable friend in any way, I gladly withdraw it.

I think I had not yet finished with the three ingredients in the frontier problem:—the frontier districts, the neighbouring friendly State of Afghanistan, and the so-called independent territory. Now, if British India and Afghanistan had co-terminous frontiers, we should of course have a frontier problem and a frontier problem of great magnitude; it would be a straightforward frontier problem between two great and friendly powers. But between British India and India there lies this belt of so-called . . . (A Voice: "Between India and Afghanistan.") I am glad of the interruption, but the Honourable Member will find presently that I was correct.

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Between the limits of British India and of India there lies a belt of so-called independent territory, peopled by so-called trans-frontier Pathan tribes, untamed, fierce, truculent, aggressive, who have from time immemorial descended from their mountains to raid and harry, pillage, murder and outrage the inhabitants of the plains.

Now the interruption I received just now makes it advisable for me to pause here and dwell on an elementary and historical fact, a fact often forgotten, its implications more often ignored. British India does not march with Afghanistan. India does. India marches with Afghanistan from the Pamirs in the extreme north to Koh-i-Malik Siah in the extreme west, where Persia, India and Afghanistan meet. That is a great historical fact. I go no further back than 1893, when that fact was placed beyond all cavil and dispute by the agreement entered into on behalf of Afghanistan by His Highness the Amir Abdur Rahman Khan, perhaps the most striking personality in modern Central Asian history, and Sir Mortimer Durand. The Durand line, as it is known to ourselves, is India's frontier. It is demarcated by boundary pillars for the greater part of its length. And it is boundary pillars that mark off Waziristan from Afghanistan; it is boundary pillars that include Waziristan in India. We are apt to call Waziristan independent territory; to call the Wazirs and the Mahsud trans-frontier tribesmen. But it is not in reality independent territory; and it is only from the point of view of our British districts that these tribes are trans-frontier tribes. From the point of view of India, from the international point of view that is, they are cis-frontier tribesmen of India. If Waziristan and her tribes are India's scourge, they are also India's responsibility—and India's alone. That is an international fact that we must never forget.

Now, our responsibility for Waziristan and its tribes was vivid to us long before 1893 of course. And for years there were two great contending schools of frontier thought, struggling one with the other for the adoption of the particular solution they favoured. There was the forward policy and the backward policy, or, as I should prefer to call it myself, the policy of close border defence. Now if I were to run over the long list of names of men who have advocated a forward policy, it would be a list of famous men I should have to recite. But a pound of practice is worth a ton of preaching. And when you turn to the actual exponents of that policy, there are only two who stand out:—that great Afghan ruler, the Amir Abdur Rahman, and that great English administrator, Sir Robert Sandeman. Hardly was the ink dry on the 1893 agreement, when His Highness the Amir inaugurated campaign after campaign against his frontier tribes and subjugated them, and thus made Afghan rule effective—in the Afghan sense of the word—up to the Indian frontier. But Sir Robert Sandeman had been before him in the field. For by 1893 Baluchistan was already effectively administered—in the Sandeman sense of the word—up to the Afghan frontier. Sir, there are many of us who believe that, if Sandeman had been translated from his work in Baluchistan to the north-west frontier, he could have, and would have, succeeded there also. We believe this in spite of the vaster dimensions and the different character of the problem that would have faced him; for the tribes here are made of much sterner and more intractable stuff, and their mountain homes far more inaccessible. Nevertheless a Sandeman, some of us believe, would then have achieved success here also, at no over-great expense in blood and treasure. But what was a practical proposition 20 or 30 years ago is not necessarily so now. The task is infinitely more difficult to-day, chiefly because the tribesmen are



infinitely better armed; their arms have increased at least tenfold during the last 20 years. True, if we had to fight them in the plains, this would matter little. But it is in their mountains that we have to fight them, and it is their mountains, those inaccessible mountains of theirs, that give them their strength. It is one of the striking things in modern warfare that these modern inventions of ours do not give us the advantage in savage warfare in the hills. The hills remain unchanged, and prevent us from using our inventions to the full; and with the improvement of armaments the advantage lies with the tribesmen rather than with us. In short, in these days of acutest financial stringency, the conclusion stares one in the face that a thorough-going forward policy all along the line is a mere counsel of perfection.

Then there is the close border policy. It may seem a waste of time, Sir, to explain what that means, for every one surely can understand a policy that simply bids you defend your own border within your own border. But here again the House will remember that our border does not lie here, it lies ahead along the Afghan frontier; and it will remember also that, if nature abhors a vacuum in the physical world, human nature does not allow a vacuum in the world of high politics. Now, the crudest and most logical form of a close border policy is of course a Chinese wall, a vast wall right along the borders of your districts high enough to keep the trans-frontier tribesmen beyond the pale. A vast wall all along the borders of our districts high enough to keep the trans-frontier tribes out of our districts has indeed been seriously suggested from time to time, regardless apparently of the fact that you would have to build up the wall a foot or two higher year after year, to keep out tribesmen who would be becoming more and more powerful every year and more and more difficult to exclude. A more modern form of course would be a line of barbed wire, of live wire, linking up posts strongly held at intervals, with possibly a gate here and there to let a few well-behaved tribesmen through. Here again one has to remember that all the time the problem in front of us would be going from bad to worse, with the inevitable increase of arms in the trans-border and with that inevitable increase in the economic stringency in this mountainous tract, which would make the tribesmen more and more desperate, more and more thrown back on barbarism. The most modern form of all is of course mechanical transport roads running right along the border, patrolled by constabulary in motor cars, ready to move out at a moment's notice to any point they are required. The great future that mechanical transport has before it in cis-border defence can hardly be exaggerated. Nor can the necessity for cis-border defence itself, but by itself it is not enough. A rigid close-border policy is really a policy of negation and nothing more. It is all very well to say that we should leave the tribesmen to stew in their own juice; but what we should be doing in reality would be to leave them free in their devil's kitchen of mischief to brew incalculable trouble for us. We might gain for our districts a momentary respite from raids, but we would be leaving behind a legacy of infinitely worse trouble for their descendants.

With this introduction, I will expound to the House what the Government policy is. Now we have been for thirty years in occupation of parts of Waziristan. For shortly after the Durand agreement of 1893 we began to drive roads up the great highways of the Tochi and the Gumal, and we have occupied as far forward as Dakka Khel in the North and as far forward as Wana in the South by regulars or irregulars since 1894. But this partial occupation left the real crux in Waziristan untouched. For

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the crux in Waziristan is not the Wazirs whom this occupation directly affected, but the Mahsuds who live in the strategical heart of Waziristan, separated from Afghanistan by the Wazirs and separated from our British districts by the Bhattanis. In their inaccessibility lay their strength, lay also the root-cause of the persistence in utter barbarism which has made the Mahsud a by-word among other Pathans and an Ishmaelite wherever he goes. Hence, when an appalling series of bloody outrages against our fellow-subjects in the frontier districts forced us into a punitive expedition against them, and when after the severest fighting we have ever experienced in a frontier campaign, we found ourselves in military occupation of the heart of their country, it was thought that the time had surely come to bring the Mahsud country finally under military domination and to rid our frontier districts once and for all of this hideous scourge. The task, of course, was not beyond the power of the gallant Indian army, difficult and laborious though the final subjugation and disarmament of these magnificent fighters in their rugged mountains would have been. But it has proved beyond our financial resources at this time of financial stringency. Hence, though Government are determined to bring Mahsud country under control, it is not on the military occupation of Mahsud country that their policy is based. On the contrary, the military occupation of Mahsud country will shortly cease, to be replaced partly by internal control through scouts and Khassadars, and partly by the domination of Mahsud country from two posts on the edge of but outside the Mahsud country itself, held in force and linked together by a connecting road. In the south there is the post of Jandola in Bhattani country which we have occupied for years. And in the north, at the renewed invitation of its Wazir owners, we have just occupied, after a most successfully planned peacemarch, the open plateau of Ramzak, which from a height of 6,000 to 7,000 feet overlooks and dominates northern Mahsud country. We had calculated on being able to withdraw our troops entirely from Mahsud country itself simultaneously with the occupation of Ramzak. But the political situation took an unexpected turn for the worse towards the autumn, and our programme received a serious set-back. In consequence, though a mechanical transport road from the Tochi to Ramzak is almost completed, we have been unable to complete the road linking up with Jandola. For the time being, therefore, a reduced number of troops will remain in Mahsud country. But as soon as the construction of this road is assured, all regulars will evacuate the Mahsud country, and the protection of the road will then be committed to the Mahsud tribe itself, to locally enlisted Khassadars representing the various sections of the tribe, reinforced by irregulars at Sararogha and Kotkai. Now the Mahsud is a natural strategist of no mean calibre, and he will soon feel that, though the regulars have left this country, he lies within a grasp that can be tightened at any moment. The consciousness of this fact will have a sobering effect upon him. Henceforth the Mahsuds will be robbed of much of the inaccessibility in which lay their strength. And if the Mahsuds should again force us by their misdeeds into an expedition against them, then instead of having to force the Mahsud defences at a cost in blood and treasure that would be assuredly far higher than the high cost in the recent campaign, we shall have in Ramzak, above and behind his natural defences, an advance base the possession of which will enormously facilitate our task.

But our policy is not merely designed to provide a preventive menace to the Mahsuds or to serve as an insurance against the abnormal frequency

of expeditions or against their abnormal cost. It is essentially positive and constructive in character, in marked contrast to a negative system of rigid close-border defence. The central feature of it is the tribal levy or Khassadar, providing his own rifle and ammunition, and policing the country for us. This Khassadar system was of course the keystone of Sandeman's policy, perhaps his most potent agency in the grand work of civilization he achieved. In essence, it is a means of giving the tribe a stake in our administration of law and order; of controlling the tribe as far as possible by self-Government; of keeping alive that spirit of tribal responsibility which is the basis of our relations with all trans-frontier people. But tribal levies cannot be expected to function in the trans-frontier if they are left in the air, without some form of external force within reasonable range to keep them up to their work. The most economical form of outside force that we can devise is the irregular. But irregulars, again, cannot be safely employed in the trans-frontier unless they are in effective range of military support in case of emergency. Hence the necessity for roads suitable for occasional mechanical transport use, linking up a minimum number of irregular posts in the trans-frontier with military posts in the rear. These roads are thus an alternative to military occupation, and a very much cheaper alternative. But they are something much more. Like the Khassadar, they are civilisation carriers. And complementary to the arrangements in the trans-frontier itself, our policy includes a cis-border road about 100 miles in length, providing a much needed lateral communication, for the immediate defence of the sorely-harassed inhabitants of the Dera Ismail Khan district. The policy of Government in Waziristan is, therefore, the control of Waziristan—through a road system, of which about 140 miles lie in Waziristan itself and 100 miles along the border of the Derajat, and the maintenance of some 4,600 Khassadars and of some 5,000 irregulars. And this policy Government is resolved to carry through with vigour and determination in the interests of our fellow-subjects in the Zhob and the Derajat, and in the interests of the security of all India.

Now, in so far as a forward policy means a move forward to the Durand Line, the Government policy is not a forward policy at all, for our new post at Ramzak, for instance, is farther from the Durand Line than our old established posts in the Tochi. In this sense of the term, indeed, our policy is in one signal respect a backward policy. For, whereas we have held Wana close to the Afghan border by regulars and irregulars since 1894, we shall now hold it by Khassadars only; and our irregulars on this side will be no further forward than Sarwekai, which we have occupied for years. None the less, the Government policy is a forward policy in a very real sense of the word. It is a policy of progress. It is a big step forward on the long and laborious road towards the pacification through civilisation of the most backward and inaccessible, and therefore the most truculent and aggressive, tribes on our border. Come what may, civilisation *must* be made to penetrate these inaccessible mountains, or we must admit that there is *no* solution to the Waziristan problem, and we must fold our hands while it grows inevitably worse. It is the inaccessibility of these mountains, which breed more than they can feed, that lies at the root of the problem. For from this inaccessibility arise the economic stringency, the crass ignorance, and the wanton insolence and barbaric cruelty that spring from a sense of security. And these are diseases for which civilisation in some shape or form is the only cure. It may be thought visionary to talk of the civilisation of the Mahsud. But

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you must take long views on the frontier. Civilisation, after all, has succeeded often enough with material far more unpromising and intractable than the Mahsud, who, for all his barbarity and ignorance, is a man of magnificent virility and courage and with no small share of natural wit and intelligence.

I have spoken of the forward policy as being, in these latter days, a counsel of perfection. I have spoken of a rigid closed border policy as a policy of negation, degenerating into a counsel of despair. I have expounded the Government policy and have endeavoured to make plain to the House its essentially constructive and progressive character. But of one policy—if policy it can be called—I have said not a word. I had thought that the old cry of "Back to the Indus" had long since been silenced for ever. I was wrong. It has been re-appearing of late in our press; it even found its way into the evidence adduced before us on the Military Requirements Committee. Back to the Indus? Shall we betray our fellow-subjects on the frontier? Shall we hand them over to the tender mercies of the independent tribesmen in the first instance, and thereafter to—who shall say? Back to the Indus? If India ever went back to the Indus, not all the five rivers of the Punjab would set the mark to the erosion of India's soil that would then ensue. Back to the Indus? Let the House say here and now whether India is ever going back to the Indus. (*Mr. J. Chaudhuri*: "No! Arm your own frontier people!") In the domain of India's foreign politics, I know of one fixed and immutable rule only: What India has, let India hold. India is large enough to covet not a single square mile of ground that is not already her own. But India is not large enough to allow any invader of India—be he independent tribesman or foreign power, from south or north or east or west,—more of her soil than a plot of ground 7 feet by 2½ and 4 feet deep.

**Mr. Marmohandas Ramji** (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, before I begin to discuss the Budget, I hesitate whether I am to congratulate the Finance Member or to criticise him. I find, that with all the efforts of the Finance Department and after accepting some of the proposals of the Inchcape Committee, the Finance Member has failed to present a balanced Budget, without resorting to additional taxation. I think, if he had not included in the Budget the proposals for increases on Demands for Grants, on the figures of last year (the details of which I have in my hand, and shall hand over to him presently), he could have saved nearly 1½ crores of rupees. You will therefore see that while retrenchment is made on the one hand, increase in expenditure is also made on the other hand. Thinking a little deeply, I am at a loss to know why Government proposes such increases in expenditure while there is a general cry for all-round retrenchment.

Again, a Demand for Rs. 91,30,000 is made under the heading North-West Frontier Province, under items, Public Works and Civil Works. That could also wait for some time.

Coming to the proposals of the Inchcape Committee, I feel that the Government ought to have allowed a larger amount as 'retrenchment' in this Budget, than is indicated by their present proposal.

Turning to another aspect of the Budget, I may point out that in the last year's Budget Estimate (1922-23) under Demand No. 46, a provision was made for refund of more than Rs. 6 crores. This year only a little

more than a crore of rupees is asked. If the Expenditure was maintained at the same level as last year, this difference alone of more than Rs. 5 crores would effect a small saving, instead of the deficit that is now shown. I, therefore, consider that the deficit shown is not a real deficit, and that there is no necessity for increasing the tax on Salt—a duty which is condemned by politicians and statesmen in particular, and by every one, in general.

Speaking of the Exchange question, Sir, the Finance Member said, "I repeat that the time has not yet come for a new attempt to fix the rupee". I may point out at once that there is a considerable body of commercial men who opine that as sterling has reached its good parity, it is now an opportune time for making a change of the policy pursued by the Government. However, this is not the time to consider that question.

The Finance Member in the course of his speech remarked, that as India had £240 million sterling Debt, it would show a considerable less amount in rupees at a higher Exchange, and he goes to point out that at the rate of 1s 8d. Rs. 9½ crores would have been saved to India. Before admitting that, I should ask him to state what would have been the saving to the country on the total amount of export trade, at the rate of 1s. 4d. instead of at 1s. 8d.

Undoubtedly, it would amount to considerably more than Rs. 9½ crores. What India wants is to get rid of fluctuations in Exchange, and the only way to achieve that object is to adopt a real gold currency with an open mint for coining gold.

I am surprised to find that there is no provision made in the Budget for giving effect to the recommendations of the Fiscal Commission. The Minority of the Members have recommended the total abolition of the excise duty of 3½ per cent. on cotton cloth manufactured in India, a duty which is obnoxious in its character, and which finds no place in any other country in the world. As we all know, it only serves to quieten the Lancashire agitation and to give indirect protection to foreign goods. And, I should have very much liked the Government to have thought it advisable to make a beginning to give effect to this recommendation and made provision in the Budget to give at least partial effect by reducing a portion of the excise duty and ultimately abolish the same,—which action is long overdue. As I intend to move an amendment to this effect, I do not want to take any more time on this subject.

Before I finish, I would like to draw the attention of this House and the Government to one important fact, and that is, that both of us are neglecting a very important item, namely, Irrigation, which is one of the most paying sources of Revenue. Far less attention is at present given to this item, than to the development of Railways, where it is proposed to spend about Rs. 38 crores, on capital works.

Lastly, I would ask the Government not to raise more loans in India than it is absolutely necessary, as it affects adversely the money-market in this country and paralyses in a general way the trade.

When I speak of Loans I am reminded of another subject dealt by the Honourable the Finance Member. There is an unspent balance of Rs. 8,63,95,000 under the Head—Railways—which the Government wants to spend this year; and instead of spending Rs. 30 crores, they propose spending Rs. 38 crores. I venture to ask where is the necessity of including this amount, of nearly Rs. 9 crores, in the Budget at a time of financial

[Mr. Manmohandas Ramji.]

stringency, and when it was found impossible to spend this amount last year. A provision of Rs. 30 crores for the next year seems to me to be quite sufficient for the present and the spending of Rs. 9 crores may wait for a few years more. Or, if need be, it may be spread over the remaining 4 years. That I am sure will not affect in any considerable degree the working of Railways and I would suggest that the Government should raise only 17 crores of rupee loan. In ordinary business no one would think of spending huge amount on capital works at a time of financial stringency.

In this connection I would suggest that a portion of this grant to Railways should be utilised for opening new lines which could bring in a good revenue and a handsome return for the investment.

Speaking about Provincial contribution the Honourable the Finance Member remarked about the Provincial Governments following the policy of some charitable or religious bodies in showing handsome deficits in order to appeal effectively to the charity of the Central Government. This remark applies with equal force, in my opinion, in his own case. He seems to think, that he can effectively appeal to this House only by showing a deficit, and to cover it, by proposing a tax on Salt. We are as shrewd as he is. I would like to tell him that he should try first to minimise extra expenditure, and then to have full effect given to the recommendations of the Retrenchment Committee to bring about a balanced budget and not to propose additional taxation to cover what I have already called an 'unreal' deficit. I am quite sure, it would have been possible for the Government to have produced a balanced Budget.

**Bai T. P. Mukherjee Bahadur** (Burdwan Division: Non-Muhammadan Rural): Sir, this is the third year of the reformed era. When the Reform was first introduced it was welcomed by many including myself as the dawn of a happy franchise for the good of our country. But, alas, what a great disappointment! I hoped that this year I would be able to congratulate our new Honourable the Finance Member for his first prosperous budget, but to our utter disappointment, we again find a deficit budget, a budget of despair. However, I congratulate him only for the reason that he is a new-comer and he has taken recourse only to one tax and not more. To crown all, Sir, there is again a proposal for an additional taxation—a tax on salt. Sir, we are on the threshold of a new election and I fully agree with Dr. Nand Lal, our Honourable Member, that we are really ashamed to approach the electorate. What are we to answer when we will be asked to state the good works we have done for our country in the course of the last three years? The answer would be that we have introduced innumerable taxes. Sir, the prospects are very gloomy, the people are all discontented, and the happy vision of those who welcomed the reform is also fast disappearing in thin air and the people are now under the impression that "Reforms" means only successive deficit budgets of Provincial and Imperial bankruptcy—and endless additions of taxation. Sir, when there is again a proposal for increasing the duty on salt, even after the report of the Retrenchment Committee, I think there is no hope of salvation and this state of things would continue for ever. Sir, the repeated introduction of new taxes by the Government every year induces men to believe as if the Government does not think it their first duty to keep the people satisfied and well-fed. Otherwise, they would have never thought of introducing such endless taxation every year.

Sir, we had a great hope that after the receipt of the report of the Incheape Committee our Honourable Finance Member would be in a position to introduce a prosperous budget even at a time when our life is about to come to an end. But alas, we are disappointed; we cannot appreciate the report of the Incheape Committee even when we have received it at such an enormous cost. Sir, such a repeated deficit budget could not be tolerated any more. The repeated deficit budgets clearly indicate that there is something very wrong and rotten somewhere in the administration. Mere superficial tinkering with such a difficult problem will not do any good. The root causes lay deeper than they are generally considered to be and the Government is the best person to make a correct diagnosis of this chronic disease.

Though I am a lay man I am inclined to attribute this deplorable condition of our finances to two causes, first to the extravagance of the Government, and secondly to the enormous increase of military expenditure of the country. Sir, the super-structure of the administration is sure to crumble and fall, unless cautious steps be taken now and the material welfare of the country is attended to, so that the people might appreciate the worth of your Reforms. Sir, we were under the impression that the new Finance Member would try to balance his account in any other way instead of imposing an additional duty upon salt which is a poor man's commodity. Sir, it should be clearly understood that the salt duty would be opposed by every non-official Member as they are in duty bound to do it. It is admitted on all hands that military expenditure in India is enormously heavy and is found to be unprecedented in the annals of the history of the world. Sir, this is admitted even by the Incheape Committee which I quote below :

"But the question is whether India can afford to maintain military expenditure on the present scale as an insurance against future eventualities. In our opinion, the repeated huge deficits of the last few years, in spite of the imposition of heavy new taxation, have made it abundantly clear that India cannot afford this expenditure."

Sir, the Incheape Committee with a throbbing heart, after giving the military authorities of India a great credit for their work, has at last recommended the budget estimates for the year 1923-24 to be 51.47 crores, thus making a reduction of about 9 crores. Sir, this reduction is nothing, the proposed estimate is still full of water, and the watery portion is so great that if you make another 9 crores reduction out of it, I think you will not be able to touch the milk. Sir, I therefore propose that the Honourable the Finance Member should try his level best to carry out all the recommendations of the Incheape Committee as early as possible, and drop the proposal of introducing an additional duty on poor man's salt.

**The Honourable Sir Basil Blackett:** I rise to a point of order. I do not know whether I shall be in order, but so many Members appeal to me to carry out the recommendations of the Incheape Committee as an alternative to the salt tax, that I must, I think, repeat that the two together are necessary. I tried to explain in my speech that we are carrying out the recommendations of the Incheape Committee to the fullest extent possible within the year. Even so, there is a deficit. So many Members keep on asking us to do something that we have done, as an alternative to the salt tax, that I think it is necessary for me to make this intervention at this stage.

**Rai T. P. Mukherjee Bahadur:** If I remember right, the Honourable the ex-Finance Member, Sir Malcolm Hailey, said last year that the salt-tax works to about three annas per head per annum extra cost, but the

[Rai T. P. Mukherjee Bahadur.]

Honourable Member should not forget that salt is not only used by the people, but it is also largely used for cattle and for agricultural purpose as a manure.

With these few remarks I oppose the Budget.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 6th March, 1923.