

6th March, 1924

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

FIRST SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1924



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LEGISLATIVE ASSEMBLY.

Thursday, 6th March, 1924.

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

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move:

“That the date on or before which the Select Committee on the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes has been instructed to present its report be extended from 29th February to the 19th March, 1924.”

Owing to other engagements and the difficulty of getting the Select Committee together, we found it impossible to present our report by the date which was mentioned in the instructions of the House. I therefore make this motion in order to obtain the leave of the House for an extension of the time.

The motion was adopted.

The Honourable Sir Basil Blackett: Sir, I beg to move:

“That Mr. M. A. Jinnah be nominated to serve on the Select Committee to consider and report on the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes.”

The reason for this motion is that our Chairman, Mr. Rangachariar, will be unable to attend, and we have no one on the Select Committee of the Panel of Chairmen to take his place.

The motion was adopted.

GENERAL DISCUSSION ON THE BUDGET.

FIRST STAGE—*concl'd.*

Dr. H. S. Gour (Central Provinces, Hindi Divisions: Non-Muhamadan): Sir, I should like, before making my general observations on this Budget, to inform the House of what proceeded in the previous years of the Assembly. When we took office in the first years of the first Assembly, we were told that no taxation without the consent of this House would be imposed. That was when Mr. Montagu was Secretary of State for India. Last year when the proposal to increase the duty on salt was made by the Government, this House objected to the enhanced duty on salt and we were told by no less an authority than the Honourable the Home Member that this House thinks that it has a majority. It is not so; the Government have the majority with their veto. Now, I should like the matter to be cleared up. Who has the majority in this House, the Government with

[Dr. H. S. Gour.]

their veto, or the elected representatives of the people? If we have the majority, we are prepared to use it for the purpose for which our constituents have sent us to this House. If the Government have the majority with their veto, our task is made lighter, because with their majority they should govern the country. This, Sir, is a factor which stands in the forefront of our Budget debates, and we are entitled to ask as to what is the exact position which the Government wish to take up on this momentous issue. Now, Sir, the Honourable the Finance Member has presented to us this Budget, but he has forgotten to provide it with a suitable motto. May I suggest to him that he might make good that deficiency and insert in the forefront the words which are said to be inscribed on the gateway of the Inferno, "Hope not ye who enter here." For that is the sum and substance of the Budget that has been presented to this House. Honourable Members will find from Statement I appended to the Budget, that during the last 10 years, from 1913-14 to 1922-23, the revenue has gone up by Rs. 40 crores, and the expenditure by no less a sum than Rs. 59 crores. Now if Honourable Members will turn to paragraph 67 of the Honourable the Finance Member's Budget speech, they will see that he tells us:

"Let not the House deceive itself. We certainly hope for progressive reduction in our Military expenditure, for progressive improvement in the yield of our existing sources of revenue."

—Now mark these words—

"We hope too that the Committee on Taxation will be able, in due course, to recommend important improvements in the machinery and scope of our taxation system, so that it may be possible for India to raise in taxation an amount equal to what she raises to-day at less sacrifice to the tax-payer."

Here is the enunciation of the broad policy of the Government. They wish to standardise the present rates of taxation and expenditure, and want the Committee to devise ways and means of equitable apportionment in the country. Is the House prepared that this expenditure, which has gone up, as I pointed out, within the last 10 years by no less than 59 crores, should be standardised? That is the policy which underlies the Honourable the Finance Member's enunciation of general policy on the subject of national taxation. I venture to think that it is up to this House to declare whether it is in favour of the standardisation of this expenditure which has grown by leaps and bounds during the years of the war and after. So far as we are concerned we, Sir, join with the Honourable the Finance Member in challenging the ever-growing military burden upon the people of this country.

The Honourable Sir Basil Blckett (Finance Member): Not growing

Dr. H. S. Gour: We are told it is not growing. I would ask the Honourable the Finance Member to vouchsafe another statement for the last 20 years showing how the military expenditure has grown up by leaps and bounds. In my Budget speech two years back I prepared a comparative table and, according to that table, the correctness of which has never been challenged, I submit the military expenditure has been growing by leaps and bounds within the last 20 years till it is to-day not in the neighbourhood of 68 crores but in the neighbourhood of 75 crores, because Honourable Members must remember the expenditure on these strategic railways, on roads in Waziristan and elsewhere within the military zone, upon

Frontier Levies, armed battalions, and other auxiliary services and measures kept up for the sole purpose of the military—all these, which are classed as Political or Public Works, falling under different heads, must, I submit, be classed as essentially military expenditure. Then, Sir, we have stated in this House that the military expenditure is an ever-devouring Moloch that destroys all chances of this House devoting any considerable portion of its revenue to nation-building departments, and we have been told by Honourable Members occupying the Treasury Benches that the military expenditure works out to an average of only 32 or 33 per cent. of our Imperial *cum* Provincial revenues.

The Honourable Sir Basil Blackett: Less.

Dr. H. S. Gour: And we are told even less. How much less we are not told but I will assume for the sake of argument that, even if the military expenditure stood at 32 or 33 per cent. of the Imperial *cum* Provincial revenues, it would be excessive, it would be grossly excessive, it would be disastrously excessive. These are not my words—these are the words of the financiers of the civilized world who met at Brussels where the question of military expenditure was discussed by them, and where the India Office and the Government of India were adequately represented, and they came to the unanimous and emphatic decision that any country that spends more than 20 per cent. of its revenue upon military expenditure is riding for a fall. I therefore say, Sir, that we have at our back the opinion of all the financial experts of the world, including the experts selected and nominated by the Government of India and the Secretary of State, and they cannot, I submit, get round the fact that the military expenditure here, judged in that light, is excessive, is grossly excessive.

Well, Sir, what is the remedy? We have heard the speech of His Excellency the Commander-in-Chief. He has told us yesterday in words which I have taken down—he said “I wish to take Honourable Members completely into our confidence.” I invite His Excellency the Commander-in-Chief, and incidentally Mr. Burdon, the Army Secretary, to make good that promise. What is the position? Three years back a small Committee of this House was formed to examine what was then known as Lord Esher's Report upon the military expenditure. We sat on that Committee, and after we emerged therefrom a series of Resolutions were drafted and moved and unanimously passed with the consent of the then Army Department and the Government of India. Sir Godfrey Fell, who sat on the Committee, accepted every one of those Resolutions. Thereafter another Committee was formed to go into the question of the Army requirements in this country. That Committee formulated its views and submitted a report to the Government of India. I wish to know, Sir, where is that report. I wish to know, Sir, what effect has been given to those recommendations made by this House with the full concurrence of the Government of India. We shall be told that these are confidential documents. Sir, last year the cat was let out of the bag. While Honourable Members in this House were told by His Excellency the Commander-in-Chief that the sole purpose of the Army in India is to defend this country against external aggression and to preserve peace and order in the country, Colonel Guinness, the Under Secretary of State for War, in presenting the Army estimates to the House of Commons, told the Honourable Members there that a part of the British garrison in this country was maintained for the relief of the British taxpayer.

The Honourable Sir Malcolm Hailey (Home Member): Is that a correct statement?

Dr. H. S. Gour: That statement I repeated in this House. His Excellency the Commander-in-Chief said he would inquire and find out as to how far that statement was correct. I lost no time in obtaining an authentic report of the debate in the House of Commons and I interpellated the Government setting out the passage, and the reply was given to me by Mr. Burdon that the report which Reuter had cabled and which I read out to this House was substantially correct.

The Honourable Sir Malcolm Hailey: In order to avoid misunderstanding, may I ask the Honourable Member to quote the exact words used, because they have not to my recollection been correctly stated by him.

Dr. H. S. Gour: Mr. Burdon has got a copy.

Mr. E. Burdon (Army Secretary): I have got a copy but not here; I know, however, that Dr. Gour's version is incorrect.

The Honourable Sir Malcolm Hailey: I do not wish to contradict the Honourable Member; I merely say that my recollection differs from his.

Dr. H. S. Gour: Well, Sir, I then asked the Honourable Mr. Burdon what explanation he had to give on that subject and his reply was that that was the view of the British War Office. Now, Sir, I wish to ask how far the policy enunciated in this House by the spokesman on behalf of the Government of India is in consonance with the policy stated by the Under Secretary of State for War in the House of Commons last year. There can be no doubt that, so far as the British garrison in this country is concerned, it is not maintained entirely in the interests of this country. After the Mutiny, Lord Peel's Committee decided that the British Army in India must be in the ratio of one to two in Bengal and one to three in Bombay and Madras. Now if you will take the figures given to us by His Excellency the Commander-in-Chief you will find that while there has been a reduction in the British Army of 18,280 soldiers there has been a reduction in the number of Indian soldiers by 19,000; so that the ratio laid down by Lord Peel's Committee in the post-mutiny report is still maintained and I wish to ask, what is the justification for the maintenance of this obsolete ratio between the British and Indian soldiers? We have been told that the military command entirely trusts the Indian soldiers. If so, Sir, I wish to ask why do you maintain a British garrison in this country the cost of which is five to five and a half times as much as that of an Indian garrison? I therefore submit, the crux of the question lies in the fact that the British army in India must be replaced by a purely Indian army and that, I submit, would reduce the military expenditure within bearable proportions; but, so long as the Imperial Defence Committee and the British War Office dominate and dictate the military policy of the Government of India, I can hope for no relief; and whatever may be the assurances given in this House by the Government of India, who are treated as the agents of the Secretary of State in this country—a subordinate Government, as one *ex-Viceroy* called it, six thousand miles away—one cannot hope for the fulfilment of the promises held out to us; nor can we expect that the policy which this House lays down from time to time will be given effect to by the Government of India. It is for this reason and in this hope that we wish to make the Government of India more independent of the control of the Secretary of State and responsible to the Indian legislature. We are helping the Government of India against itself; we are reducing and abolishing this power

of the Government of India so far as the power is subject to the control of Whitehall, and we want that that power should be exercised under the control of this House which is representative of the people of this country.

Now, Sir, we have been told by His Excellency the Commander-in-Chief that he is trying his utmost to bring about the Indianisation of the Army. The question is uppermost in the minds of Honourable Members of this House and from the exclamations 'Hear, hear', which His Excellency heard only too well, it is perfectly clear that there is not one single representative of the people in this House who would not welcome the Indianisation of the Army. Now, Sir, I ask, what efforts are being made to Indianise the Army? I have dealt with the question of the British garrison. I now deal with the question of the officering of the Indian Army. Questions after questions have been asked of the Honourable occupants of the Treasury Benches as to the progress being made in the direction of officering the Indian Army. After a long debate we were assured by His Excellency the Commander-in-Chief that eight units of the Indian Army would be completely Indianised and we then pointed out, as we point out now, that the isolation of eight or any number of Indian units for Indianisation is not what this House demands or approves of. We want Indianisation of the entire Army, and not the complete Indianisation of 2, 4 or 8 units thereof. We recognise the value and worth of the British connection with the Indian Army and we want a mixed set of officers, British and Indian, the one helping the other to solve the difficulties which confront us on this head. What are the efforts which the Government are making to create an admixture of Indian officers in all units of the Indian Army? That, I submit, is the question which we ask the Honourable Members opposite to answer. We have been told and we have been even invited to visit the Prince of Wales' Preparatory College at Dehra Dun. His Excellency the Commander-in-Chief pointed out yesterday that the officering of the Indian Army depends upon education, to which we all say "Amen"; but, when we come to the question of recruitment, we ask the military advisers of the Government of India what is their method of recruitment from amongst the educated middle classes for the Army. Examine the cadets in Dehra Dun and you will find they are drawn by selection and selection from a particular class. They are not drawn from the educated middle classes. We all know that if the Government of India are anxious to enlist the services of the young lads of the middle classes from the public schools and the universities, as, I believe, is done in England, they will not get them in tens or hundreds, but in thousands. Have they explored that rich avenue for recruitment?

Mr. H. Calvert (Punjab: Nominated Official): May I ask, Dr. Gour, Sir, to explain what he means by middle classes?

Dr. H. S. Gour: Well, Sir, I am rather surprised to hear the Honourable Mr. Calvert interjecting a remark as to what I meant by the middle classes—I mean the classes to which Mr. Calvert himself belongs (Laughter). That is our position with reference to military expenditure.

I now pass on to the question of the much debated salt tax. Last year, Sir, we were extremely explicit in our opposition to the salt tax. Not only Indian Members, but some of our European Colleagues joined with us in denouncing this salt tax as an oppressive burden upon the poor people of this country, and only the other day an ex-Member of the Government of India, Sir Thomas Holland, in a speech quoted by Reuter denounced the salt tax as calculated to weaken the people of India and as

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an economically unsound piece of taxation. We said last year that the people would not be able to bear the burden which is imposed upon them by the addition of the salt tax. The Honourable Sir Charles Innes replying on behalf of his own department, if not on behalf of the Government, said that when we disallowed this tax the year before last, we were right, but that the tax had become inevitable last year. But I will ask him now to correct his statement and to repeat to this House that, when we disallowed it last year, we were equally right; for what has been the result? We pointed out, Sir, that the law of diminishing returns will come into play the moment you raise this tax beyond a fairly bearable limit. And what has been the result? The Honourable the Finance Member has told the House that the salt tax has failed to realise his expectations and that it has falsified the Finance Member's estimate by no less than three crores. Well, Sir, I submit, that is the completest vindication of our refusal to increase the salt duty, and we stand to-day as we stood last year by our decision that the salt duty must remain at what it was the year before last when your attempt to raise it was opposed by this House. We opposed it last year, and we shall do the same this year. My Honourable friend the Finance Member, astute financier and statesman as he is, has thrown the apple of discord in this House by distributing the small perquisites to be obtained from the enhanced duty on salt to the provinces of the U. P., Punjab and Madras. I hope, Sir, the Honourable Members from those Provinces will rise above their parochial surroundings and concentrate their efforts upon the broad issue whether a tax which has been twice thrown out by this House as a vicious tax, as a tax which falls oppressively both upon the poor cultivator, as upon the starved agricultural beast, shall be revised and that this House to-day will sanction its increase—it may be to Rs. 2 per maund. That, I submit, is the short question with which this House is confronted.

Well, Sir, I wish to point out that the Customs duty has also reached that maximum figure beyond which it is impossible to raise it. Five crores we have lost on the Customs, and I submit it is not merely due to the cause that there has been bad trade or a general slump, but I submit that these ever-increasing taxes reduce the capacity, the spending power, of the people of this country, and the more you increase these taxes, the less likely you are to receive the anticipated returns. I therefore submit that the time is ripe not merely for the purpose of allocating the taxes under their proper heads, but for the reconsideration of the whole question of taxation including its reduction, and this is only possible if the Government of India change their policy. The Honourable Sir Puroshotamdas Thakurdas has been quoting largely from the Report of the Retrenchment Committee. That is the Report upon which the Government of India rely. I pointed out, Sir, last year that the one question upon which I have not been able to make up my mind is the question whether the Government of India had given the Retrenchment Committee a free hand to alter the policy and not merely to reduce the expenditure; whether they were at liberty, for instance, to say what shall be the composition of the Army in India, shall it be Indianised and shall it be reduced to such and such figure, and whether they were at liberty to say as to what shall be the high policy controlling the Government of India, and we pointed out that, unless the Inchaape Committee were given that power, it was impossible to expect large results from their deliberations. Well, Sir, as one responsible for the appointment of that Committee, who fought and

struggled during the last three years for the appointment of a Retrenchment Committee and at last succeeded, may I breathe a hope that the Government of India may see their way to establishing a permanent Retrenchment Board with a view to curtail and control the national expenditure? It is not merely necessary that they should call together a Committee, place before it certain facts and then ask that Committee to make retrenchments. It is equally necessary that there should be a continuous, vigilant examination of the increase of expenditure on the part of the Government of India, and that cannot be done by a Committee like the Incheape Committee.

Well, Sir, I wish to point out one more fact, and it is this. The Honourable the Finance Member has assured this House that this is a surplus Budget, and he has spoken of the windfalls from which we are to get five crores of rupees. In this connection, may I draw the attention of the Honourable the Finance Member to the fact that this windfall is not the windfall which came to us only last year, but the amount which has now been credited to the Indian revenues was from all accounts held by the Secretary of State in the year 1922-23 and mention is made of it in this Report on the Home Accounts of the Government of India. Now, Sir, if it is a fact that this amount was as available last year as it is this year, I ask the Honourable the Finance Member, why it is that this amount was not credited to the revenues so as to balance the Budget for which he so eloquently and earnestly pleaded last year? I submit, Sir, it is not open to me to criticise the details of this Budget at this juncture. I shall, therefore, rest content with expressing my general views that, so far as this Budget is concerned, while we are not in a position to congratulate the Honourable the Finance Member, we certainly are in a position to commiserate with him and we can only hope that, with the revisions made, the national expenditure will come down and that the ever-growing military burden will be substantially reduced, due to his good offices, on the pending departments of the Government of India.

Mr. G. Pilcher (Bengal: European): I do not propose, Sir, to follow Dr. Gour into all his detailed criticism of Army expenditure. I would like, however, to pass two small criticisms on his treatment of that topic. He has succeeded in discussing an increase of expenditure which he describes as excessive, as disastrously and monstrously excessive, during the last decade without any reference at all to the general increase in prices which has been the main economic characteristic of that decade. If Dr. Gour were to study the periodical published by the Statistical Bureau in Bombay over which Mr. Shirras presides, he would discover that the increase in the cost of living in this country, an increase which affects the expenditure and cost of maintenance of every institution in the country, has been 80 per cent. during that decade. Allowance must be made for that increase if justice is to be done to His Excellency the Commander-in-Chief's efforts to get Army expenditure down to the pre-war basis.

One further criticism I should like to pass on Dr. Gour's treatment of Army expenditure. He has cited the authority of the international body which met, I think, at Brussels for the assertion that the military expenditure of a country should never exceed 20 per cent. of its total annual revenue. Sir, I contend that this question of defence cannot be regulated on an arbitrary basis of percentages. The size of the country defended and its population must be taken into consideration. The standing merit of

[Mr. G. Pilcher.]

British rule in India is the fact that this great country, containing, I believe, nearly one-fifth of the Globe's population, is kept in peace and assisted along the lines of development with an over-all annual expenditure which in the Central administration and in the provinces together does not exceed two hundred millions sterling. The taxation per head in this country to-day is some 8 shillings per head as compared with some 20 pounds sterling in the United Kingdom. So long as the general expenditure of a country is kept as low as it is here, the percentage presented by military expenditure to the total over-all expenditure must be high. The greater the economy shown in the general administration, the higher the percentage will rise. Dr. Gour admits that it now stands at some 30 or 33 per cent. of the over-all expenditure. I am glad he has corrected the mistake made yesterday by Mr. Chetty, who put the percentage at 52 by basing his calculation solely on military expenditure and excluding provincial revenues.

Well, Sir, these are the two criticisms that have occurred to me as Dr. Gour was speaking but in the main I want to apply myself to the Secretary of State's criticism of the salt tax. It does appear to me that Mr. Ranga Iyer was very near the mark yesterday in suggesting that the Finance Member finds himself on the horns of a dilemma as a result of the Secretary of State's criticism of the salt tax as a "peculiarly iniquitous and horrible form of taxation." It is impossible that the Finance Member, who advocates a continuance of the salt tax at Rs. 2 per maund in the interests of the poorest of the poor—it is impossible that the Finance Member who uses this argument and the Secretary of State, who describes the salt tax as a "peculiarly iniquitous and horrible form of taxation," can both be right. Sir, I do not think there is the slightest doubt whatever that the Secretary of State is in the wrong and the Finance Member is in the right. I would criticise the Secretary of State's contention on three main grounds. I assert that it is bad in law—in constitutional law, but I do not propose to say very much about that; it is an old controversy and it is very nearly dead and buried—but Lord Olivier's contention is bad in constitutional law (and I propose to make that statement good); it is very bad in history; and it is very bad in fact—fact as judged by India's experience. In regard to constitutional law, I merely say this: the Secretary of State suggests that there is something in the Indian contention that His Excellency the Viceroy in certifying the salt tax last year was overriding the first principles of the new constitution. Sir, I simply draw attention to the remarks of the Joint Select Committee who dealt with the Viceroy's special powers of certification:

"It is not, however, in the scheme of the Bill to introduce at the present stage any measure of responsible Government in the Central administration. The power must be reserved to the Governor General in Council of treating as sanctioned any expenditure which the Assembly may have refused to vote if he considers the expenditure to be necessary for the fulfilment of his responsibility for the good of the country, and it should be understood from the beginning that this power of the Governor General in Council is real and that it is meant to be used if and when necessary."

How, Sir, if that responsibility is entrusted to the Viceroy in the beginning, if that power can be exercised from the beginning, how in the exercise of that power can he be said to override the first principles of the new constitution? That is all I propose to say on the Secretary of State's position from the point of view of constitutional law.

But, Sir, I do want to discuss his position in some detail in the light of history. Lord Olivier said: "I was brought up to regard the French

Revolution as having been brought about by the imposition of a *gabelle* or salt tax." Well, Sir, I am very sorry but the Secretary of State's history is extremely old-fashioned. Personally, Sir, I learnt my history at Oxford and I took the French Revolution as my special subject. That, Sir, is of small importance but from Oxford I went to Paris and I there had the benefit and advantage and honour of studying under one, Monsieur Aulard. He was professor in the Collège de France, one of the most famous of all French educational institutions, and the exclusive subject of his lectures was the great French Revolution of 1789—1815. He is a servant of the French Government and he studies, he lectures on, no other subject at all. He has a staff of Lecturers under him and they are all engaged in burrowing in meticulous detail into the documents of that period. Monsieur Aulard almost lives in the atmosphere of the French Revolution and of the society which immediately preceded it. Now the whole of Monsieur Aulard's work has tended to destroy these old conventions which were good enough in Carlyle's time, in 1830, when he first approached the history of this great subject. But Monsieur Aulard and those whom he has trained have now been into every detail of the revolutionary history of France and their general conclusion is that the salt *gabelle*, the octroi the Bastille and all these supposed causes of that Revolution were only of an anterior and more or less distant and remote nature. The real cause of the French Revolution was the memory of past oppression operating in the minds of a great community which was growing in economic prosperity and intellectual attainments. I notice that the Secretary of State mentions only one of these old beliefs as being the origin of the French Revolution. In the case of the Bastille, the House must know that when it was opened up, only some 10 or 11 persons were found to be there. All the implications of that fact have only lately been revealed by research workers such as Monsieur Aulard. It was once supposed that that place was festering with human suffering. Well, Sir, I suggest that what Monsieur Aulard and his professors have done in this detailed connection had already been anticipated by great thinkers in the realm of political science. Sir Henry Maine had already, 30 years before, elaborated something like a general principle that revolutions are caused less by these peculiar discontents than by the descent, as he called it, from the forum to the market place, of generalisations and revolutionary dogmas preached by political thinkers in a society which is expanding intellectually and growing in material prosperity. That was the generalisation instituted by Sir Henry Maine, and subsequent detailed criticism has proved it to be true. It has a vital connection with India's present outlook and I should like at some later time to discuss it with reference to India.

But I want to go on at the moment to the inaccuracy of Lord Olivier's assertion in all that relates to a matter of fact with regard to India. The Secretary of State says that "the salt tax is a peculiarly iniquitous and horrible form of taxation." That view is certainly very widely held in India because every woman who goes to buy a farthing's worth of salt in the market, and next week has to buy another half farthing's worth, finds that the taxation has been increased." I have pointed out that the Secretary of State's statement is defective in the region of constitutional law and in historical accuracy. I now desire to question its accuracy in relation to the facts of India's experience. Sir, I am extremely interested in this subject and I have studied closely the effect of the salt tax during the past year. I have made inquiries at Janshedpur. I have made inquiries

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at the coalfields. I have made inquiries at the docks in Calcutta where there is a large quantity of manual labour; I have made inquiries from people interested in the tea gardens; I have made inquiries from the officials who run the co-operative movement in Bengal and who are in close touch with the districts; and lastly, I have made inquiries from Bengali candidates for the seats at the recent general election in the Bengal Legislative Council. With one consent I have been told by all of whom I have inquired that the salt tax has made absolutely no difference to the standard of comfort of the poorest in Bengal. The best proof of the small effect it has had on the people is to be found in the small use made of this cry at the last general election. The Swaraj Party in Bengal did not make use of the salt tax cry. They asserted that Sir Surendra Nath Banerjee had doubled the cost of postcards.

Mr. T. O. Goswami (Calcutta Suburbs: Non-Muhammudan Urban): Who said that?

Mr. G. Pilcher: The candidates and their political agents. It is widely agreed that the increase in the cost of post cards was a very important factor in the recent Swarajist successes.

Mr. T. O. Goswami: I have seen that stated but that is false so far as candidates and their responsible agents were concerned.

Mr. G. Pilcher: At any rate, it is clear that, as a really useful political asset, the cry of the salt tax has had its day. What are the statistics of the actual increased expenditure by the poor on account of the salt tax? The Honourable the Finance Member has given us the figure of 495 lakhs of maunds as the issues in a normal year. I have looked up the statistics of imported foreign salt and they come to about 100 lakhs of maunds. The total consumption in a normal year therefore cannot be in excess of—it may be less than—600 lakhs of maunds among 800 million people. If it is worked out carefully, you will find, on the basis of those figures, that each man consumes in one year one-fifth of a maund. That is the very most he consumes, even if the agricultural consumption of salt be included. That is, he consumes about 15 lbs. or 16 lbs. The price of salt in Bengal, which is far from the sources of production in Rajputana and the Punjab, is 8 seers to the rupee, which is just one anna per lb., and in an entire year, including consumption for agricultural purposes, each man in this country consumes, as we have seen, at most, some 15 or 16 lbs. of salt. Apart from the utilisation of salt for agricultural purposes, the consumption expenditure per head does not exceed one rupee, putting it at the very outside.

Well, Sir, I want to examine this question of cost in some close relationship to the Finance Member's proposals for remission of provincial contributions, if this House decides to maintain the salt duty at the rate of Rs. 2 per maund. Sir Basil Blackett proposes to make concessions in the main to three big provinces. He proposes to give the United Provinces 30 lakhs, the Punjab 38 lakhs and Madras 80 lakhs. He proposes to make them that much remission. They can either remit taxation to that extent in their own provinces or they can utilise that amount of money in their Transferred Departments for the provision of wells, dispensaries and all the machinery of local self-government in the districts. I take the case of Madras first. Sir Basil Blackett proposes to remit to them Rs. 80 lakhs. The difference between the proposal of the Government and the

proposal of what appears to be the majority of Indian Members in this House can be arrived at on the basis of the difference between their respective salt taxation proposals. That difference amounts to 12 annas per maund. I have shown that the average consumption per head in the country is one-fifth of a maund per year. The amount under discussion which the Indian element in this House proposes to concede to the various provinces must be a multiple of one-fifth of the difference between Rs. 2 and Rs. 1-4-0. In other words, it is a multiple of a sum which is a little over 2 annas per head of the population. I have given you the figures of what Sir Basil Blackett proposes to give to each of these provinces. I now propose to give you—I have got them out extremely carefully; you can rely on these figures—I am going to tell you exactly what the remission of the salt tax proposed by the Indian Members will be worth to each of these provinces and to compare that concession with what Sir Basil Blackett proposes to make up by the alternative means.

12 Noon. He proposes to give 80 lakhs of rupees to Madras, which will provide additional facilities for local self-government. If the alternative proposal is accepted, just about two annas per head is saved to every man in Madras, and Madras with its population of 42 millions will get Rs. 52½ lakhs this year. The Honourable the Finance Member gives Madras 80 lakhs of rupees and the Indian group in the Assembly offers Madras 52½ lakhs of rupees. Sir Basil Blackett offers that sum to Madras in perpetuity: the Indian element in the House offers its concession for one year only. In the case of the United Provinces Sir Basil Blackett offers them 30 lakhs of rupees. The salt duty remission, as between Sir Basil Blackett's rate and Rs. 1-4, will give the tax-payers of the United Provinces an immediate, but possibly not a permanent, profit of Rs. 60 lakhs. In the case of the Punjab the offer of the Finance Member is Rs. 88 lakhs and the offer of the Indian majority in the House, or what appears to be their offer, amounts on the basis of a population of 25,000,000 to Rs. 87½ lakhs. Thus there seems to be absolutely no case at all whatever for asserting the oppressive nature of the salt duty and for alluding to the Finance Member's ungenerous treatment of the poor in the provinces. Yesterday we were told by Diwan Bahadur Rangachariar that Madras was not so selfish as to accept this proposal at the expense of India. There is absolutely no case for describing the provinces as selfish if they accept this proposal. Both for the Imperial Government and for them it will be a great benefit and on this ground I am strongly in favour of the proposal to retain the salt duty at Rs. 2 a maund.

The acceptance of the Finance Member's alternative has the immense advantage that it does facilitate and strengthen the growth of the responsible system of Government in this country. Sir, I was born and cradled in this system of responsible government—of responsible government by people who ruled themselves, who demand an answer or response from their rulers and expect to get it. I hold—I was always taught to believe and I still hold—that the responsible form of government is the best form of government you can possibly have, provided only that it is compatible with the condition of the electorate, which must be in a condition to exercise control over its executive. I want the system to grow in India. I want to work for it and to help anybody who is working for it. The great advantage of this retention of the salt duty is that it gives a start to the improvements that are necessary in local self-government. I do not know if the House has seen this morning's Calcutta papers. Two ex-Ministers in Bengal, Nawab Ali Chaudhuri and Mr. P. C. Mitter, who held office during the first three years of the reformed government, got up in the

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local Council and said that during their term of office there was no money forthcoming for Ministers and that there was nothing effective that the Ministers could do. Sir, that state of affairs is simply undermining this system of responsible government from the very outset. The Swarajist Members will not agree with me, but those of us who want this system to succeed feel that if you leave the Ministers in this position without finance to carry out their proposals, you are playing into the hands of the destructive element. As long as that goes on Mr. Das can go round the Bengal districts pointing to the abject failure of the system that we are trying to establish for the good of India and because India asks for it. That is my main plea. I ask the House to believe—I should like to persuade Honourable Members but I fear it is almost impossible because I am told that opposition to the salt tax is a matter of sentiment—I have tried to show the House what an extremely small sacrifice, if any, the salt tax involves, and how great the gain will be if only the Finance Member's proposal is accepted. The argument that the poor will be hit by the retention of this tax at two rupees is completely offset by the immense advantages they will derive from an active form of local self-government which really looks after their interests. They may have to pay two annas a seer extra for their salt, but they will stand a chance at least of getting the roads they want; they will get the wells they require; they will have their pools cleaned up, and they may get a chance of ridding themselves of the scourge of malaria which is so prevalent on the eastern side of India. The sacrifices which the retention of the salt tax may bring will prove to be, as now, infinitesimal, but I hold that the benefit that the people will derive will in the long run be immense. I think it is up to all of us who believe in responsible government and want to see the system established, to support Sir Basil Blackett's proposal.

Mr. M. E. Maken (Bombay Northern Division: Muhammadan Rural): (The Honourable Member spoke in the Vernacular.*)

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, it is customary that in making general observations on the Budget, the Honourable Members preface their speeches by paying compliments to the Honourable the Finance Member for the lucidity of his statement and the manner in which he puts his Budget. Whatever may have been the significance of this time-honoured custom during the past years, this year the Honourable Sir Basil Blackett really deserves a good deal of credit and our meed of admiration for the masterful way in which he has handled the finances of the country, the skill with which he has prepared his Budget and the excellent and interesting manner in which he has dealt with a highly uninteresting and prosaic subject. And, if the Budget which was introduced in this House on the evening of the 29th February last may not be found palatable to the major portion of the Assembly, it will not be on account of any lack of skill or want of method on the part of the Honourable the Finance Member, or on account of any cause over which directly he has any control.

Coming to the details of the Budget I may, at the very outset, declare that I am not a financial expert and am not therefore in a position to

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

thresh out its provisions and offer weighty criticism. Judging from the point of view of a layman, I feel inclined to think that, although the Honourable the Finance Member has with great effort tried to make two ends meet, the poor Indian tax-payer has not been relieved of any of the numerous taxes, even in this year of peace and prosperity. The Indian tax-payers' capacity has been diminishing for a long time, specially from the commencement of the great war, and if the present high rate of taxes continues, the taxation milch-cow will soon run dry and a state of bankruptcy will be inevitable.

Our Budgets should not be prepared on the principle of fixing the expenditure first and then finding out money for defraying those expenses; on the other hand the expenditure should be commensurate with the resources of our income. In the Budget now before us, we are confronted with the same exorbitant rate of income-tax and super-tax, the same high rate of railway fares and freights and the same enhanced post and telegraph rates. Under the circumstances I cannot congratulate my country for having received even an iota of relief from the Budget under discussion.

On the expenditure side the first item, which greatly strikes my mind, is the military expenditure of more than 60 crores of rupees. This expenditure seems all the more surprising when, on the one hand, according to the Marquis of Curzon, we find that the Treaty of Lausanne has brought about the peace of the world, and, on the other hand, we are assured that the rumours of an invasion over Afghanistan were utterly without any foundation. If after giving full effect to most of the recommendations of the Retrenchment Committee, the military expenditure of India, in an era of peace, is estimated at 63 crores of rupees, what should we expect if the country is again involved in some struggle for Imperial supremacy without its consent and against its will? It has been repeatedly pointed out that the Indianization of the Army is the only appropriate method of reducing the military expenditure of the country. The cost of a British soldier is nearly five times as much as that of an Indian. Indianize the Army and you effect an enormous saving. By the Indianization of the Army I do not mean an increase in the number of the mule drivers and grooms, but what I mean is to substitute an Indian soldier for an English one. The loyalty, valour, skill and fidelity of the Indian Army have been proved under the most trying circumstances, during the great war, and the great European Generals and statesmen have appreciated and acknowledged its worth and mettle. Why should it not then be entrusted to a large extent with the defence of its own country? But we are quite helpless in this matter, we are not given the right to vote the military budget. It must really be a mock constitution which denies the representatives of the people a voice in the military expenditure of the country.

The next item of expenditure in the Budget, which to my mind is more objectionable than even the military expenditure is that in connection with the Ecclesiastical department. There can be no earthly justification whatsoever for taxing the poor Indian, Hindu and Mussalman, for the upkeep of the Church of England in this country, specially when the Government do not provide a Religious Affairs Department for the Hindus, Mussalmans and other communities in India. And with respect to this Department also our lips are sealed. Such are the provisions of the Government of India Act of 1919, which, in the opinion of a Labourite Secretary of State for India, deserves more experiment.

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Going into the details of the expenditure we find that a major portion of the money is consumed by the ultra-liberal salaries of the English officers.

The demand of Rs. 22,88,000 for the Survey of India, of Rs. 2,20,000 for the Geological Survey, of Rs. 6,71,000 for the Botanical Survey and of Rs. 1,65,11,000 on the Political head under the control of the High Commissioner for India, are more than can be justified in the present financial state of the country. I have also to note with great regret that out of a sum of Rs. 12,29,000 allotted for the Archaeological Department only a small sum of Rs. 6,52,200 is to be spent on the conservation of the ancient monuments of this vast and ancient land and the rest is to be consumed by the highly paid English officials. An allotment of a meagre sum of Rs. 2,68,000 out of a Budget of Rs. 1,91,24,50,000 for the Education demand tells a most melancholy tale and shows how hopelessly behind every other civilised country the Government of India are in the matter of public education. I am not in a position to dilate any more on the details of the Budget. I have already said that I am not an expert in finance and the remarks which I have offered on the Budget are merely from the point of view of a layman, but I cannot close my observations without pointing out that, though the United Provinces of Agra and Oudh, to which I belong, were hit hard by the Meston award in the matter of Provincial contributions, and nothing would be more welcome to me than to see my province relieved of some of the heavy burden of the Provincial contribution. I would not allow the overflow of sympathy for my province to overcome my duty towards the country as a whole and I would like to see the intolerable burden of the salt tax altogether removed. A few words more and I have done.

Sir, we are passing through very anxious times. How we shall emerge from this crisis, when it is over, is a question that is occupying all earnest minds in the country.

There is much in our present situation that is naturally galling to the self-respecting people of the country. The belief that there is no chance of better days for this country as long as existing arrangements continue, has created a feeling of great anxiety and uneasiness. Many things have happened during the last four or five years which have had the effect of shaking the faith of the people of India in the honesty and the *bona fides* of the British Government. The public mind is in a state of great tension and unless substantial reforms, which go outside the limits of the Government of India Act of 1919, are promptly announced and steps are taken to give an immediate effect to them, and unless the highest statesmanship inspires the Councils of Government, difficulties threaten to arise, of which no man can foresee the end.

Mr. Kumar Sankar Ray (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, there is no country in the world with a civilised Government in which the population is so poor as India, still there is no country in the world where the civil service is so highly paid, and the police and military expenditure comparatively so high as in India. Yet we are having Commission after Commission to increase the pay and other emoluments of the Civil Service, although duties after duties are being taken away from them; and Military Committees trying to fasten upon India the defence of the Empire where her children are treated as

mere helots and outcasts. Although there was the Retrenchment Committee appointed to inquire and report about possible retrenchments, it was handicapped from the very beginning by being prevented from going into the question of reorganising the different departments of the administration, and all that it could do was to propose some retrenchment by abolishing various subordinate staffs and establishments recruited mostly from Indians, making the administration more top heavy than before. Although since the reforms, some departments of the administration were transferred to the Provinces, with a view to make the provinces more independent of the Central Government, most of these departments have again been retained as reserved departments, and thus kept under the control of the Government of India, and the Government of India have in consequence to keep up their full establishment for their supervision. Even with regard to the transferred Provincial subjects, the Government of India have to keep up an establishment for their supervision inasmuch as they have got under their direct and immediate control several minor Provinces such as Delhi and other small Provinces.

Then, as regards the revenues, the division of these into Provincial and Imperial and local and municipal involves the unnecessary creation of separate sets of staff for its collection, each jealous of the other, and a Bill has recently been introduced to create a Revenue Board for India, side by side with similar establishments in the different Provinces. The Government have moreover, by creating this division, given rise to inter-provincial jealousies and are enjoying the fun of setting one Province against the other. All revenues should either be Imperial or Provincial, preferably the latter, in view of the residuary duties of nation building being vested in the Provinces, and the Government of India should receive a fixed percentage out of them to carry on the Central administration, and to maintain a definite reserve. Certain taxes, as for example income-tax, customs duties, postal, telegraphic or railway rates, cannot of course be different for different provinces and must be fixed by the Central Government, but that does not mean that the revenues cannot vest in the Provinces merely for that reason, or for the reason that the revenues of India are subject to a charge for the sterling loan raised by the Secretary of State for India. Talking of the division of the revenues into Provincial and Central, it is curious to note that, although excise has been dealt with as a Provincial head of revenue, the excise duty on cotton has been reserved as a Central head, and one feels tempted to inquire about the reason why this duty has been levied on cotton products while there is no such duty levied on jute products. Is it because Dundee is not so clamourous as Manchester or that the jute mill owners in Dundee as well as Calcutta are both Europeans, whereas the cotton mills in Manchester and Bombay are, respectively, in the hands of Englishmen and Indians? It is admitted in the Budget that the condition of the Bombay cotton mills is depressed. Representations were made by the mill owners to the Government, but no provision seems to have been made in the Budget to relieve the depression, although it is high time that the Cotton Excise duty should be abolished.

Then, we come to the jute industry. Look at the conduct of the Government in this matter. During the war the price of jute rose very high, the Government took up the monopoly of supplying jute to the friendly and neutral nations and thus prevented the further rise of prices. Not only this, they thus helped the jute mill owners to buy jute from the growers at an extremely low price and make a huge profit out of it, to the great detriment of the masses of the Indian agriculturists. What steps may we

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ask, did the Government take either by way of encouraging the establishment of co-operative sale societies or the like of it, to prevent this exploitation of the masses?

Take next, the case of the steel industry. Repeated attempts were made to draw the attention of the Government to the imminent danger in which that industry was put on account of foreign dumping on the Indian market, but presumably, taking shelter under the report of the Tariff Inquiry Committee, which has not yet been published, the Government have chosen to do nothing in the matter.

Then, again, we recently had a debate about the coal industry in the Assembly, and the general effect of the discussion upon my mind, who was a mere silent onlooker, seems to be this: "Look here you Indians, owners of small mines, having no sufficient capital in your hands and no training, you have no business to work the coal mines in an inefficient way. Get out of the way of the big foreign capitalists. You must do so and we shall see that you do so in no time by putting all sorts of obstacles in your way, even with the help, if necessary, of the South African mine owners, who are our kith and kin."

Then, again, look at the evidence given by the British merchants before the Mercantile Marine Committee. They want to retain the commerce of the country entirely in their own hands and see no necessity for giving any scope to the Indian in this matter; and one or two institutions started by the Indians have been, or are being, throttled by unfair competition, and the Government look on the whole business with cold and unsympathetic eyes.

The Government vaunt of bringing and maintaining peace and order in the country. Peace and order cannot be the sole desiderata of a nation. What would Englishmen have said if we were to have asked them during the last war: "Why bother, submit to the Germans, they are your next of kin, they have a system of administration much more efficient than yours; pray live in peace and amity with them as their fellow subjects and do not involve Europe in a widespread conflagration." Peace and order seem now to be the only functions of the Government in India. They have, since the reforms, openly disavowed all responsibilities for the nation-building functions of the State and transferred those to the abandoned portfolios of fundless Ministers, so that plague, malaria, and other pestilences, flood and famine, are taking their appalling toll of Indian life year in and year out without there being any remedy provided against their ravages. Looking around us, we find that the prospect of our country is indeed gloomy, even though the *ex-Chief Justice of England* is at the head of our affairs with his motto of doing justice to India. The Secretary of State has thought fit to give out a long list of our superficial political grievances. He does not choose to go into our real grievances which are chiefly economic. He does not care to see how we are being drained and exploited by the bureaucratic and capitalistic exploiters of this country. He wonders why we still look with suspicious and distrustful eyes upon these people. But are we really responsible for this atmosphere of suspicion? May I ask, why are the people of India disarmed? May I ask, why is it that the Army is solely officered by Europeans? May I ask, why is the artillery not thrown open to Indians? Why are the Customs, Railway Traffic and Telegraph Departments as far as possible manned by Europeans and Anglo-Indians? (*Voices from the Government Benches:* "No, no.") Does this show an attitude of trust in the people on behalf of the Government? Still we

have been hoping and trusting all this time in the sweet words of promise which have been so often uttered by different Sovereigns and statesmen, although they have so often been broken. Mr. Montagu wanted to give us some reforms, but his endeavours were whittled down and at the last he has been thrown out of the political field by his countrymen. Hopes deferred and promises so often broken have made our hearts sick indeed. We are tired of waiting and the Secretary of State still asks us to wait. We know the affairs of their own States lie heavy on their shoulders and they have little time to look to our affairs; nor can the Labour Party, circumstanced as they are, do much, even if they wish to do anything, against the wishes of the Liberals and Conservatives. We have therefore proposed to take direct action and hope the Labour Party will gratify our last hope by reading the situation and judging us rightly.

Mr. E. Burdon: Sir, I wish, to make a very few observations chiefly with reference to certain remarks made by my Honourable friend, Dr. Gour. I think it is desirable that I should give the House further information on the points which I have in mind. I do not propose, however, to go into an account of what action has been taken on the series of Resolutions passed by the Legislative Assembly in connection with the report of the Esher Committee. It would take a very long time to do so, and apart from this in the recent past full information has been given to this Assembly on the subject. We have laid statements on the table of the House and we have explained the matter in debate also.

I will first turn to a remark which Dr. Gour made regarding the Military Requirements Committee's report. If I recollect rightly—and I hope my Honourable friend will correct me if I go wrong—Dr. Gour said "What has happened to that report? We want to know what has happened to that report and we shall be told that it is a confidential document." Well, Sir, Dr. Gour has already been told that. In July last he asked a question on the subject and I will quote the words of the reply which I gave. I said then:

"Government do not propose to publish the report of the Military Requirements Committee as it would be contrary to the public interest to do so. For the same reason details of the contents of the report cannot be disclosed. On the other hand, I am permitted to inform the Honourable Member that the recommendations of the Retrenchment Committee were based amongst other evidence on the Military Requirements Committee's report which was in the hands of Lord Inchcape and the members of his Committee and that the Retrenchment Committee's recommendations involved larger economies in military expenditure than the Military Requirements Committee had anticipated would be possible."

These, Sir, are the facts. I now turn to another statement which my Honourable friend made in which he said that the boys who are admitted as cadets to the Dehra Dun College are not selected from the middle classes. When my Honourable friend was asked what he meant by the middle classes, he said it was precisely the class from which another Honourable Member of this House—Mr. Calvert—comes. Well, that is precisely the class from which a large number of boys go to Dehra Dun. If my Honourable friend will join the party of Honourable Members of this House which we hope will visit Dehra Dun at the end of this month in response to His Excellency the Commander-in-Chief's invitation, he will find there, among others, the son of a Government pleader in Bengal, the son of a Commissioner in the Indian Civil Service, and he will find there also the sons of many other people—officers holding the Viceroy's commission in the Indian Army—who essentially belong to the middle classes. I may add that one of the cadets—one of the best cadets that we have recently sent to

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Sandhurst—was similarly the son of a very well known middle class man—a Judge in the Indian Civil Service.

Now, Sir, I think my Honourable friend also referred to a demand made in one of the Resolutions on the Esher Committee's report—the demand that the British garrison should be progressively reduced; and I think his suggestion to the House was that little or nothing had been done to carry that out. Yet in the course of the same remarks he quoted the figures given yesterday by His Excellency the Commander-in-Chief—which are that since 1914 the strength of the British soldiers in India has been reduced from something like 75,000 to 57,000. Well, Sir, that is a very considerable proportionate reduction. Included in this you will find the reductions in British infantry. It will perhaps interest the Honourable Members of the present House if I mention them again in detail—they have frequently been published before.

In 1914, there were 51 British infantry battalions in India, each with an establishment of 28 officers and 1,008 other ranks. Since the war the number of battalions has been reduced from 51 to 45. The strength of each battalion up till 1923 was 28 officers and 1,012 other ranks. As a result of the recommendations of the Indian Retrenchment Committee, the establishment has recently been reduced by 180 other ranks per battalion. Thus the present number of British infantry battalions in India is 45, each with an establishment of 28 officers and 882 other ranks, or a total of 1,260 officers and 39,090 other ranks, compared with a total, in 1914, of 1,428 officers and 51,158 other ranks.

Well, Sir, it follows as a necessary consequence of these reductions that the ratio of British to Indian troops, which my Honourable friend also mentioned, has altered. It could not be otherwise, and the ratio is no longer that which my Honourable friend mentioned, namely, 1 British to 2 Indian soldiers. The ratio at the present moment, on the basis of calculation which has always been adopted, is 1 British soldier to 2½ Indian soldiers. I may add as a further commentary on this particular aspect of Army administration that of the total personnel of the Army in India 76 per cent. is Indian.

Now, Sir, there is one other matter in my Honourable friend's speech with which I think it is desirable that I should deal. It is a matter of some considerable importance. My Honourable friend referred to a statement made by Colonel Guinness in the House of Commons in March 1923. So far as I recollect my Honourable friend, Dr. Gour, said that the purport of that statement was that the British garrison or a part of the British garrison was maintained in India for the defence of the Empire, for the relief of the British taxpayer. Well, Sir, Colonel Guinness' statement was this. Honourable Members will appreciate the fact that the statement was made at the time that His Majesty's Government were considering in a preliminary stage the recommendations of Lord Inchcape's Retrenchment Committee, which had been accepted by the Government of India. This was Colonel Guinness' statement:

"The War Office was unable to agree with the Government of India regarding the latter's proposals for reduction in the number of cavalry and artillery units; but the War Office was discussing possible savings by cutting down establishments. It must be remembered that British regiments in India embrace part of their reserve machinery and therefore reductions must seriously affect their power of mobilisation. If the War Office agreed to the Government of India making excessive decreases it would eventually mean some further cost being thrown on the British Budget."

Now, Sir, my honourable friend will see at once .

Dr. H. S. Gour: From what page of the debates is the Honourable Member reading? I have got the *ipsissima verba* of Colonel Guinness. I have got before me the official parliamentary report and I do not find that statement at page 1946, to which I adverted in my speech.

Mr. E. Burdon: I am reading from the report cabled to India by Reuter.

Dr. H. S. Gour: I am afraid it is not as accurate as the official report which I have got before me.

Mr. E. Burdon: I had not actually looked at the Hansard. We received information from the Secretary of State that the version given by Reuter of Colonel Guinness' speech was substantially correct.

Dr. H. S. Gour: May I give the Honourable Member the exact words used by Colonel Guinness? I quote from two pages, pages 1886 and 1946 of the proceedings of the House of Commons, dated the 15th March 1928, where he points out that he stands by the Esher Committee's report and that we, the Government of India, want to go back on that report. These are his words:

"We cannot agree to the reduction suggested by the Indian Government in the number of units, but we are discussing possible savings by cutting down establishments. It must be remembered that the British regiments in India are all part of our reserve working machinery. Their reduction must delay the building up of our reserves and also have a serious effect upon our power of mobilisation. If we agree to the Indian Government making excessive decreases it must mean eventually further cost being thrown on our budget for making up reserves in other ways."

Mr. E. Burdon: Then, Sir, it appears that Reuter's summary of the speech was substantially correct as the Secretary of State said. As I was proceeding to remark, my Honourable friend, Dr. Gour, immediately went on to admit that the Secretary of State had informed the Government of India and the Government of India had communicated to this House the message of the Secretary of State which was to the effect that Colonel Guinness on the occasion referred to was merely expressing the opinion of one department of His Majesty's Government. The incident took place, as I have already said, in connection with the decision upon the question whether the reductions of troops should be carried out and the Secretary of State informed us and we informed the House that this matter had been reserved for the decision of His Majesty's Government and that what Colonel Guinness said was merely an expression of opinion on the part of one of the departments of His Majesty's Government.

Well, Sir, what was the actual result? With the exception of one relatively unimportant item the reductions were agreed to and have been carried out. As regards the significance of the precise remarks which Colonel Guinness made, speaking on behalf of the War Office, I think there is room for some doubt and I cannot say that I am wholly surprised that my Honourable friend placed upon them the interpretation which he did. But the actual fact is this. His Majesty's Government maintain a larger army in the United Kingdom than they would maintain but for the necessity of defending India. It is a matter of common knowledge that a fundamental condition of India's connection with the Empire is that in a case of grave emergency His Majesty's Government should be prepared to come to the assistance of India with the armed forces of the United Kingdom. The defence of India is one of the permanent problems of Imperial strategy and, as there is a debt which may some day or other have to be paid, it

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is necessary for His Majesty's Government to make provision to meet it. If excessive decreases in troops are made in this country, if India does not retain sufficient troops to withstand the first hostile attack, then the liability thrown upon His Majesty's Government is so much the greater. That, Sir, is the position.

As I have risen, Sir, I may be permitted to detain the House with one or two other remarks on the subject of the Army Estimates; and to begin with perhaps the House will allow me to read to them one of the Resolutions passed by the Legislative Assembly in connection with the Esher Committee's Report. The Resolution is this:

"That the purpose of the Army in India must be held to be the defence of India against external aggression and the maintenance of internal peace and tranquillity. To the extent to which it is necessary for India to maintain an army for these purposes, its organization, equipment and administration should be thoroughly up-to-date and, with due regard to Indian conditions, in accordance with present-day standards of efficiency in the British Army, so that when the Army in India has to co-operate with the British Army on any occasion there may be no dissimilarities of organization, etc., which would render such co-operation difficult."

The Resolution is in entire harmony with the views that have been held by the responsible military advisers of the Government and of this Legislature in reconstructing the Army after the war. And it is that Resolution perhaps more than anything else that is responsible for the present level of military expenditure. A high and efficient standard of defence cannot be a cheap thing, and I should like to submit to this House that while exception may be taken to a too predominantly British character in other matters, it would probably be—it would certainly be—a great mistake to fall below the British Army standard of defence in regard to the safety of India. That is the view which, I say, this Assembly held on a previous occasion: that is the view which has been held consistently as a result of the lessons of the war by the responsible military advisers of this Legislature. The standard of efficiency in matters of defence is, I might remind the House, not a matter which can be determined subjectively. It is determined by extraneous considerations, by the physical and geographical conditions of the country which has to be defended, by the character and by the formidability of her potential enemies.

Now, Sir, yesterday His Excellency the Commander-in-Chief explained to the Assembly what steps we have taken to mitigate the high standard of expenditure resulting from the adoption of an adequate standard of defence. His Excellency explained, in the first instance, that we had reduced the strength of the combatant troops to a figure under 200,000 men. Now, Sir, can any man seriously contend that a combatant army of less than 200,000 men is too large for the defence of this great country? Can any one seriously believe that an army of 200,000 men can fulfil the "primary function" of defending the Empire, and defend India in its spare time? Well, Sir, the cost of this small combatant army and the cost of the administrative services as they stand to-day are the result of an ordeal by fire through which they were passed by Lord Inchcape's Retrenchment Committee, and I should like to take this opportunity of acknowledging the acknowledgment of my Honourable friend Sir Purshotamdas Thakurdas, because he knows; and if I may venture to say so, I think he was right when he asked for more, but at the same time agreed that what had been done was good. He evidently holds to the old maxim that "one at a time is good fishing".

Now, Sir, in the course of yesterday and to-day I have heard a great deal about the overwhelming burden of military expenditure. It has been called a Moloch and various other things; but, if I may say so, that expenditure has been criticised mainly in the mass and little, if any, attempt has been made to disintegrate the component parts of which it is made up. I should like myself to draw the attention of the House to one very striking feature of our military estimates. Out of the total of a little over 60 crores of rupees for 1924-25, over 10½ crores is expenditure of an entirely non-volitional character. It is expenditure on pensions and gratuities, a very large portion being pensions earned by men who were killed or disabled in the great war. In other words,—in the 10½ crores I am including certain terminal charges—the purely pension head is 9 crores—and this sum I venture to say would not be touched by this House in any circumstances. To do so would be in contravention of principles which have been frankly proclaimed by the leader of the Swaraj party himself. If then you take these 9 crores of rupees away from His Excellency the Commander-in-Chief's Budget of 60 crores of rupees, it seems to me that this will mitigate the offence considerably; it does not leave a very large sum of money from which to provide for the finance and service generally of the Army which is required for the adequate defence of India.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Were not these pensions included in the past Budgets of the Military Department?

Mr. E. Burdon: Yes, Sir, they were. I am talking now of the comparison between 1914 and this year.

Sir Purshotamdas Thakurdas: What was the amount of pensions in the 1914 Budget?

Mr. E. Burdon: 4 to 5 crores.

Sir Purshotamdas Thakurdas: What is the difference, therefore, Sir?

Mr. E. Burdon: The difference is 100 per cent.

There is only one other aspect of the Army estimates which I should like to mention to the House. It is interesting, it is not very very important, it is a feature which may appear in other heads of expenditure also: but, actually, out of the remaining expenditure of 50 crores or whatever it is, something over 2 crores of rupees come back to the Government in the shape of revenue.

Mr. E. G. Fleming (Burma: European): Sir, I rise to voice the cry of the small Province, Burma, which lies away to the East outside India. Several of the Members from other provinces have tried to 'curry favour' with the Honourable the Finance Member. It is easy to see what they are getting at. Madras, I venture to suggest, have just been offered a very handsome reduction off their contribution from provincial funds. Bengal have in no uncertain voice hinted that, although they are not receiving any definite reduction in their provincial fund contribution, they continue to live in hopes that their 63 lakhs contribution, which is at present enjoying the nice deferred payment system, will eventually not be asked for. Burma, however, is in no such position. Burma has a message to this Assembly if the Honourable Members will only listen to the cry of their infant and take into consideration her wants and requirements. I venture to suggest that few Members present here have ever had the privilege of visiting

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the land of ' silks and sunshine ' in the cold weather, and also the land of ' sodden garments and suniles ' in the monsoon. It is the land of rice, timber and kerosine and as such it may be more familiarly known to those acquainted with the local markets of Calcutta, Bombay and Madras. I shall not at this juncture dwell on the very magnanimous offer of the

1 P.M. Honourable the Finance Member, but *en passant* will just observe that of course " half a loaf is better than no bread ".

I first of all propose to ask the attention of the House while I read an extract or two from the speech made by Mr. A. J. Anderson at the annual meeting of the Burma Chamber of Commerce of which he is President. Mr. Anderson refers to the work and findings of the Burma Retrenchment Committee of which he was a member, as follows :

" To me the work on the Retrenchment Committee was in itself a great education . . . I doubt whether it has ever been recognised by their critics to what extent their efforts have been handicapped by the failure of India to realise and provide for the needs of a Province which came so late into the Empire and whose identity in every way is so distinct from that of India. For the present we remain part of India and while that is so we must do all that is possible to keep our distinctive claims to consideration always before the eyes of India. If I am not mistaken there will in the future be an even greater tendency than in the past for them to be ignored. It is satisfactory up to a point to be able to record that this year has at last seen the claims of Commerce to representation on the Legislative Assembly acknowledged by the nomination of a member for the Associated Chambers of Commerce in the person of Mr. Willson of Calcutta."

At another point Mr. Anderson pronounced Burma's needs in the following words :

" The truest form of economy for Burma is not retrenchment, but the wise investment of more money."

There, Sir, I have given you the considered views of the President of the Burma Chamber of Commerce, and the views of the commercial community of the province generally.

In support of my claim that Burma requires more consideration, I draw the attention of Honourable Members to the fact that of the total revenue received by the Central Government from income-tax, Burma contributes or is assessed to contribute in 1924-25 eleven and a half per cent. of 18·22 crores. The other provinces are assessed :

Madras—9·55.

Bombay—24·77.

Bengal—37·62.

U. P.—4·38.

Punjab—4·34.

Collection charges in the different provinces also vary considerably, but the cost of collecting in Burma is on a satisfactory low scale. I draw particular attention to the income-tax because some Honourable Members, Mr. Lindsay and Sir Purshotamdas Thakurdas, thought it fit to insinuate that the oil industry of Burma is not sufficiently penalised. I think the fact that Burma contributes very handsomely to the revenue of the Indian Empire answers that charge.

Honourable Members of this House may not know that there still exists in Burma a capitation tax which is collected from those whose income does not come within the range of the Income-tax Collector's talons.

The Customs taken in by Burma represent 10 per cent. of the whole Customs collected throughout India. To again quote from Mr. Anderson's speech, "the overseas trade of Burma has grown in the past forty years from 18 to 124 crores".

I will now turn to the very vexed question of the salt tax. For the year 1923-24 Burma was budgeted to produce 55.04 lakhs and on the revised estimate this was increased by 6.46 lakhs on account of revenue from salt. Burma was the only province to produce more than her share on the original assessment. In fact, where she was looked for to produce approximately 4½ per cent. of 11½ crores, she actually contributes 7 per cent. of 8.70 crores.

This now brings me, Sir, to the Honourable the Finance Member's suggested division of a portion of some surplus funds with which he finds himself encumbered owing to a windfall. Of this surplus he proposes to allocate 2 lakhs only to the reduction of Burma's provincial contribution. That represents 3.14 per cent. reduction of the present contribution. In this manner, Madras is to get 23 per cent., the United Provinces 12½ per cent., and the Punjab 21.7 per cent. reduction on present contributions. I think I am right in saying that Burma has during the last year or so utilised 188 lakhs of her own little nest egg which is in time due to come back from the Central Revenue, and in the meantime, they are given 2 lakhs. On the whole, Burma's contribution to all the Central sources of revenue stands high on the list, considering the size of the province, and what is now being offered savours more of "*backsheesh*" than a genuine attempt to encourage the province to proceed in the direction of all local revenue being utilised for the benefit of the province itself. If Burma is the goose which laid the golden eggs in the past, she must not now be squeezed unnecessarily.

In conclusion, I appeal, Sir, to this House in general for a little more generous treatment for Burma. In particular, I suggest to Madras not to be too greedy and let Burma have a little more. After all, a very large proportion of your surplus population migrate to Burma, make their fortunes there, and then return to Madras to spend the proceeds accrued from a very pleasant few years in Burma. To Bengal I say "do not forget that you may very shortly be asking Burma to support your claim for some alteration in the terms of your provincial contribution". To Bombay I say "Cast your bread upon the waters and it shall be returned to you after many days" and, I forecast, with interest. To the Honourable the Finance Member I say "Can you not consider giving Burma a little more out of the surplus you have available?"

Mr. R. D. Bell (Bombay: Nominated Official): Sir, before I begin my remarks on the main subject which I wish to explain to the House, I should like to clear up a misunderstanding which appeared to me to occur yesterday afternoon. My friend Mr. Dumasia said that the Bombay Government had balanced their Budget for next year. It appeared to me that the Honourable the Finance Member denied, or at least questioned that statement. The facts are, Sir, that the Bombay Government originally presented to their Legislative Council a Budget which showed a surplus of revenue over expenditure of Rs. 6 lakhs. The Legislative Council subsequently threw out a Bill which promised the Government of Bombay a revenue for next year of Rs. 18 lakhs, so that they were then left for the moment with a deficit of Rs. 12 lakhs. But nine days ago.

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the Finance Member of the Government of Bombay announced in the Council that the Government had reduced expenditure by a further Rs. 15 lakhs so as to cover more than the deficit of Rs. 12 lakhs. A matter of 6 or 12 or 15 lakhs may appear, in some circumstances, to be of no great importance but the difference between a balanced and an unbalanced Budget, to which the Honourable the Finance Member obviously and rightly attaches so great importance, deserves to be made clear. Well, Sir, I wish to submit to the House some important considerations which bear on the proposal of the Government of India to apply a sum of 1½ crores this year to the reduction of Provincial contributions. What is known as the Meston settlement has been the subject of discussion and correspondence ever since it came into operation. All the provinces are dissatisfied with it but the reasons of their dissatisfaction vary. I think, however, that there is general agreement that at the present time, the allocation of the revenues of the country between the Government of India, on the one side, and the provinces as a whole, on the other, is unfair to the provinces in one important respect with which I shall deal later. Superimposed on and temporarily and partially obscuring the provincial envy of the financial position of the Government of India there is a marked, an unpleasantly marked, amount of inter-provincial jealousy. In presenting the proposal of the Government of India to the House the Honourable the Finance Member said that he would not appeal to provincial particularism and that this was a national question which should be looked at from a national standpoint. Well, Sir, I accede to that appeal in so far as it suggests the suppression of inter-provincial jealousy. But the treatment of a national question from a national standpoint seems to me to raise another issue. I hope that I am correct in assuming that a national standpoint does not mean a Government of India standpoint in the narrowest sense of that expression.

The Honourable Sir Basil Blackett: Certainly not.

Mr. R. D. Bell: Very well, Sir. We are dealing with the proposal as Members of an Imperial Assembly and we cannot overlook the fact that there are at issue, quite apart from any inter-provincial jealousies, questions of financial adjustments between the Government of India on the one side and the provinces as a whole on the other. I hope, therefore, that I am not infringing the appeal made by the Honourable the Finance Member if I explain to the House, as briefly as I can, the bearing of the common provincial case as a whole on the proposal to reduce the existing Provincial contributions.

Now, I wish to safeguard myself at the outset by saying that if I occasionally bring before the House the circumstances of the Bombay Presidency and the demands of the Bombay Government, it is not primarily in order to show that my province has suffered and is still enduring financial losses to the profit of other provinces but it is to illustrate the grievances which in some degree are common to all. The Honourable the Finance Member in viewing this question from a national standpoint has the benefit of an elevation which is not shared by most of us. If I must apologise for frequently placing my own province in the forefront of the provincial picture, I couple that apology with a recognition of the difficult task which the Honourable the Finance Member has to

fulfil in judging a series of provincial pictures in which each artist naturally assigns to his own province the position which I assign to mine.

I venture to bring to the attention of the House the existing position and the effect on it of the proposal now made for the reduction of the Provincial contributions. The figures which I now give are those of the Meston Committee itself. The beneficiaries under the proposal are Madras, the Punjab, the United Provinces and Burma. These four provinces have this grievance that they pay to the Government of India by way of contribution an annual sum amounting to 827 lakhs while the remaining five provinces, which include what are invariably described, not without envy, as the wealthy provinces of Bombay and Bengal, pay only Rs. 156 lakhs. That is the grievance of the 4 provinces in which I have included temporarily Burma. The counter-grievance of the latter five provinces is that after paying their small contribution, they are left under the Meston settlement with a net increased spending power of only 186 lakhs while the other four provinces have, after the payment of their larger contributions, a net increased spending power of 631 lakhs. The Government of India now propose to take the first step in their policy of extinguishing the Provincial contributions, so that when this policy is fully carried out, the four provinces will have secured an increased spending power under the Meston settlement of 15 crores while the remaining five provinces will obtain less than 3½ crores. These five provinces complain that the four provinces already receive under the Meston settlement very much more than the five provinces: the four provinces, on the other hand, complain that they now pay very much more than the five provinces pay, and they want their contributions reduced. The five provinces retort that the removal of this grievance which will raise the annual gain of the four provinces to 15 crores does not appeal to them and that the grievance is a specious one. And they add, Sir, that, apart from the fact that their increased spending power is very much less than in the four provinces, they have, especially in Bengal and Bombay, obligations which do not exist in the agricultural provinces. That, Sir, is the situation which has given rise to the bitterness in the relations between the Provincial Governments to which the Honourable the Finance Member referred in his Budget speech. Well, I shall not risk a plunge into the depths of that bitterness. The grievance of the five provinces is not, indeed, the chief grievance of the Government of Bombay. But I am bound to say at this stage that the Government of Bombay have always protested and still protest strongly against the proposed method of reducing the provincial contributions and against the inequitable operation of Devolution Rule 18. The offer now made of relief to other provinces merely makes the present inequity more marked. I therefore associate myself with those Honourable Members who have asked that the question of these Provincial contributions should be re-opened.

The important point to which I wish to bring the House, namely, the wholly unsatisfactory nature of the Meston award from the point of view of the provinces as a whole, is at once reached by the question, what will be the position of all the provinces after the Provincial contributions are extinguished? That position will be virtually the position which the five provinces including Bombay and Bengal have now reached. The Punjab, Madras and the United Provinces have their eyes fixed on what is immediately in front of them, but they can hardly be blind to what remains behind. My case is explained by a reference to one of the paragraphs in

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Lord Meston's Report on Financial Relations. In discussing what recommendation they should make regarding the allocation of income-tax that Committee made the following remarks:

"We advise that the whole of the income-tax proceeds be credited to the Central Government. Their needs in the near future are likely to be quite as great and to develop quite as rapidly, as those of the provinces; while we do not apprehend that the richer provinces, such as Bombay,—*these are the words used there*—will be seriously handicapped in the administration of their own finances. We append some figures which indicate that several of the provinces, and Bombay in particular"—*these are again the words of the Report*—"may look for reasonable elasticity in their resources apart from income-tax."

Now, Sir, the figures referred to in this extract showed the percentage of growth in the eight years from 1912-13 to the Budget estimates of the year 1920-21 under the heads of Excise, General Stamps, and Land Revenue, as well as the growth under all provincial heads. The figures showed that the average percentage of growth of all the nine provinces under all provincial heads was 30 per cent. in eight years. The figure for the Bombay Presidency was 52 per cent., a very much higher figure than that of any other province. I make this explanation to show that no apology is needed for selecting my own province to illustrate the injustice of the settlement to the provinces as a whole. It is the Bombay Presidency which was named by the Meston Committee as typical of the richer provinces and it is pre-eminently the province which "may look", in the words of the Meston report, "for reasonable elasticity in its revenues apart from the income-tax."

I shall not weary the House with the details of my calculations. I have taken the last figures considered by the Meston Committee, namely, the Budget estimates for 1920-21 and have estimated, on the basis of the rates of increase quoted by them in paragraph 7 of their Report, the revenue under the selected heads which the Committee anticipated that the Bombay Government would obtain in subsequent years. The results are striking. The Budget estimates of 1920-21 which the Meston Committee took as their basis were 13 per cent. higher than the actual collections of that year, but this difference was due to arrears of land revenue which were left to improve the revenues of subsequent years. In 1921-22 the revenue anticipated on the basis of the Committee's figures was 22 per cent. higher than the actuals. In the following year, 1922-23, it was 17 per cent. higher; in the current year it is 37 per cent. higher than the revised Budget estimates, and for the next year, 1924-25, it is 29 per cent. higher than the Budget estimates of the Government of Bombay. Over five years ending with the Budget estimates for next year the revenue anticipated by the Meston Committee was 11½ crores or 23 per cent. higher than the results of actual experience.

These, Sir, are the figures for what was mentioned by the Meston Committee as a typically rich province with a specially elastic revenue. They illustrate a common ground of complaint of the provinces as a whole that the Government of India, who get the proceeds of customs, salt and income-tax, are in enjoyment of all the expanding and adjustable heads of revenue and that the resources left to the provinces are essentially inelastic. For the moment the provinces which have gained the most and have still more to gain have their attention distracted perhaps by the immediate prospects offered under the Devolution Rule, but sooner or later you will all realise by experience what is the true provincial position

looked at from a national standpoint. The Government of Bombay do not seek primarily for such a readjustment of the revenue as will improve their present position. Their claim, and the claim, as I understand it, of Bengal and other provinces for whom Devolution Rule 18 offers no attractions, is that they should be placed in possession of resources which bear some real relation to their true assets. It may be that such an adjustment will not leave them or will not place them at the outset in any better position than they are at present, and the Government of Bombay, in particular, Sir, recognise that special treatment may be required for poorer, smaller and less developed provinces. But what they do seek is an allocation of revenues which will enable them to meet their increasing needs.

What are these increasing needs and how do they compare with the future requirements of the Government of India? In the time at my disposal I can only assert that provincial necessities are as elastic as their resources are inelastic and that they are likely to increase much more rapidly than the requirements of the Government of India. I should like to call the attention of the House for a moment to the cases of Customs and Income-tax and the obligations which arise from the conditions which exist at the places where these taxes are collected. Bombay and Bengal are pre-eminently industrial provinces and the other provinces recognise what they describe as their enviable position. Industries have brought wealth to Bombay. In their company merchants and traders have flourished and the professions—lawyers, architects and others—have increased in numbers and wealth. We have two of the principal ports of India on our coast line. Still more merchants and traders have established themselves and a large population subsists directly or indirectly on the commerce and trade of Bombay and Karachi. But however fortunate the Presidency may be in enjoying conditions which have led to the growth of a wealthy class, these conditions are at the present time little more than a tax on its inelastic revenues. The wealthy classes, which contribute so handsomely to the revenues of the Imperial Government and are, both in Bengal and Bombay, the main prop of that Government in its Indian loan operations, are, from the revenue point of view, untouchable classes for the Bombay Government. Their practical interest for the Local Government is that the Bombay Government have to supply special administrative machinery—factory inspectors and a labour bureau—in connection with the industries which finance the Imperial Government. They have to provide for the education of a large industrial population. They have to grapple with problems of development, sanitation, medical relief, even housing in cities like Bombay and Ahmedabad, where conditions are probably without parallel elsewhere in India; and above all they have to maintain law and order in the cities and the large industrial towns. Practically all this has to be done—and the wealthier the province becomes industrially and commercially the more they will have to do.—from the proceeds of a land revenue which is not merely inelastic but is specially liable to vicissitudes of famine, from the profits of an unpopular trade in alcohol, and from the receipts from stamps and a few minor heads where the prospects of expansion are trifling. Well, Sir, in these circumstances the Bombay Government, and I suppose the Bengal Government also, cannot expect their cultivators to pay much longer, without demur, a large portion of the funds necessary for the education of the industrial artisan classes, for the medical relief of these classes and for the maintenance of law and order amongst the mixed populations

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of our large industrial cities. Leaving aside therefore all questions of inter-provincial jealousy, it seems to me apparent that the Meston settlement, from the point of view which I have tried to explain, is a failure. It has broken down in Bengal and it is bound to break down sooner or later in the other provinces. As I have said, these prospects are partially and temporarily obscured for some of the provinces by prospects which have been held out to them by the Government of India but as regards the Government of Bombay, the position, as in Bengal, must rapidly become intolerable. For these reasons the Bombay Government trust that the appointment in the near future of the Committee on Taxation which was promised in the Council of State and which will consider, amongst other matters, "whether the scheme of taxation, central, provincial and local, is equitable" will enable them to re-open the question of the equity of the Meston Award in all its aspects including the fairness of the scheme of Provincial contributions.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock. Mr. President in the Chair.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, the Budget which has been placed before the Assembly has many special features in it, but the feature that strikes me is that the most important figures are deceptive. It is said that there is a surplus of Rs. 3.36 crores in the Budget. How is that surplus made out? It is assumed that the salt tax will stand at Rs. 2.8 per maund. It is on that basis that the calculation is made.

The Honourable Sir Basil Blackett: The basis of existing taxation.

Pandit Madan Mohan Malaviya: On the basis, the Finance Member says, of existing taxation. The Finance Member is aware that that taxation was supported by certification by the Viceroy. I thought the Government of India, in preparing their Budget, would bear that in mind, and not base the Budget upon the supposition that that certification would keep up the taxation at the end of this financial year. If it does not, 3.32 crores of the 3.36 crores of the so-called surplus will disappear. The second assumption that has been made is that the proposal for the separation of the Railway Budget from the general Budget will be accepted by this House, and that thereby a definite sum will be received by the general revenues from railway receipts, and that a sum of 1.33 crores will be available as a surplus to constitute a Railway reserve. Now, Sir, that scheme was laid before this Assembly. The Assembly referred it to a Select Committee, and there is no reason to think that that scheme will be accepted by the Assembly during this session. Therefore, proceeding in the ordinary manner, the saving of 1.33 crores will have to go to the general revenues and not be available as a Railway reserve. If that is taken into account in the ordinary way, the figures will stand differently. I will not refer to the windfall that has been mentioned, because that is after all an income, and it had to be taken into account. Let it be taken into account but let it not deceive us. If we look at the Budget as a

whole, there is not much to give satisfaction to the tax-payer. This is the Budget which comes to us five years after the war, after all the retrenchment that has been effected. And what does the Budget show? Some retrenchment has been effected on the recommendation of Lord Inchcape's Committee, and yet there is no sign of any reduction of taxation at the present time. The taxation that was imposed during the war to enable this poor country to make a heavy contribution to the expenses of the war stands where it was. The people had hoped that, after the war was over, there would be some relief for them. Their hopes have been frustrated. Since 1913-14, 53 crores, or a sum near about that, has been added as taxation. During the last three years 41 crores of fresh taxation has been added. The national debt has been growing. As regards the general condition of the people, we know what strenuous times people have passed through in the business world; what calamities have overtaken them in the share market, and generally in the business world. Unemployment cannot be said to have decreased. The condition of the steel industry is unsatisfactory. The condition of the cotton industry is not less unsatisfactory. There have been strikes in Ahmedabad which have lasted for a long time. There were strikes for some time in Bombay. That is the situation presented to us by the Budget. Let us contrast it with what we find in England. In England the national debt has been largely reduced, taxation has been reduced

The Honourable Sir Malcolm Hailey: Since the war? Compare it with pre-war.

Pandit Madan Mohan Malaviya: Taxation was reduced in 1922 after the war. It was reduced by one shilling in the pound

Sir Campbell Rhodes (Bengal: European): Reduced to what?

The Honourable Sir Basil Blackett: What was it before the war?

Pandit Madan Mohan Malaviya: It was reduced by one shilling in 1922, from 6s. to 5s. The post and telephone charges were also reduced, and duties on several articles of daily consumption, coffee, tea, chicory, and one or two other things were reduced. Unemployment has been dealt with in a very vigorous manner; industries have been helped. When I contrast the two positions, a feeling of sadness overcomes my mind. Is there any hope of an escape from this position? Is taxation to be maintained at this high level? The Finance Member told us that the limit of taxation had been reached. (*The Honourable Sir Basil Blackett:* "No.") No, I am sorry I misunderstood you. I am surprised the Finance Member thinks the limit of taxation has not been reached. The people think the present burdens are crushing while they have steadily increased. There has not been at the same time greater means of employment, larger means of income found for the people. In this state of the country we find that the Army absorbs nearly 52 per cent. of the revenues of the country. There has been a reduction made in the Army, but even with that reduction taxation stands at over 60 crores net. Is that a state of things which can inspire any hope? Is there any national policy behind the Budget that has been presented to this House? We can understand the policy of some reductions under the pressure of the Government not being able to find more money; but is there a national policy behind the financial arrangements of the Government of India?

The Honourable Sir Basil Blackett: Yes.

Pandit Madan Mohan Malaviya: The Finance Member says "Yes." I am sorry he has not told the House what that policy is. I should like to be enlightened. From 1870, when decentralisation was first resorted to by the Government of India, the Government of India in the Finance Department have merely lived by just meeting every situation as it arose by taxing the people. Whenever the needs of the general services or the Military charges made it necessary, they have taxed the people, they taxed them even to find the exchange compensation allowance; and that has been the policy which has gone on up to this time. The needs of the Army require more money, taxation must be raised. Higher salaries and pensions have to be given to the Civil Services, fresh taxation must be resorted to—that has been the policy; and I ask the Honourable the Finance Member to tell me how he can justify this policy of ever increasing, ever growing expenditure, while there has not been a similar corresponding growth in the national average income of the people. Is there a country on the face of the earth where the salaries, both in the civil department and the military department, range as high as they do in India? I submit not. Think of the national average income per head of the people—think of the national poverty which that average income indicates, and compare it with the high salaries, and I challenge anybody to say that the salaries are not crushingly high.

The Government of India have not adopted an Indian national policy even in the matter of currency and exchange, such as would help India properly out of the difficulties which she has to contend against. All these decades the Government have gone on meeting the situation as it arose from year to year. Though the gain to countries which have adopted the gold standard has been enormous, the Government of India have not yet seen their way to adopt a gold currency; they have not yet seen their way to put the currency question on a sound footing, and we have to pay enormous sums under the head of Exchange. So far as improving the financial condition of the people is concerned, even the necessary arrangements for supplying banking facilities are wanting. The Imperial Bank of India has been helped by the Government. The recommendation of the Committee which sat to examine the question many years ago and which recommended that the question of a State Bank should be considered at an early date, has been brushed aside, as if no such recommendation had ever been made. A State Bank has not been constituted—a State Bank, having its branches in all the districts where Government treasuries exist, where money is poured into the coffers of the State by the people, and where money should be available to the people from those coffers in order to help many industries and other concerns, has yet to come. Such has been the management of the Department of Finance.

Let me now turn to the Department of the Army. His Excellency the Commander-in-Chief, after telling us what the reductions have been, has also told us in his soldier-like fashion that there is no further reduction possible. He has told us that, while he remains the adviser of the Government of India in regard to military matters, there shall be no more reduction in the fighting troops. He has told us that he is quite of the same opinion this year as he was last year. I admire him for his frankness, I admire him for his soldier-like decision; but I cannot accept his verdict as the verdict of a statesman who has to deal with the finances of a large country like India. Soldiers are to be esteemed for their qualities as soldiers and I admire His Excellency the Commander-in-Chief as such. But the question of how much money shall be spent on the defence

of the country is not a question for the soldier alone. It is a question for the civilian and the soldier sitting together in consultation. That consultation has been lacking. There is not that consultation between the soldier in charge of the Army and the civilian population represented by the representatives of the people here, which is essential to establish a sensible sound system of financial administration of the Army. I am sorry His Excellency is not here. I do not complain, he is a busy man, but I regret the fact. He has told us that it is not possible to reduce the number of fighting troops. I want to ask him—and I am sorry to see the Army Secretary is also not here—I want to ask the Army Department why the internal security troops which number 27,000 to-day cannot be dispensed with? There are 27,000 British troops stationed in this country for the purposes of internal security alone. Will anybody on behalf of the Government of India tell me why these troops cannot be disbanded, why this economy cannot be carried out? Leave the fighting units alone. Do not reduce the strength of the Army so far as the Army for external defence is concerned; but where on earth is the justification for keeping up the present numbers of the Army so far as the internal security troops are concerned? I presume there has been a great deal of correspondence on the subject of the internal security troops. There has been an examination of this question, and, I ask, I wish to know, what has been the result of that examination? These internal security troops are not required to keep order, internal order, in this country. The ordinary police, with the ordinary troops, when necessary, would be sufficient to cope with any situation that is ever likely to arise. In the many decades which have gone by, it has seldom been necessary to call out British troops to quell internal disorder. I am glad it has not been and I venture to think it will not be necessary even in the future. This is a country where peace and order prevail to a larger extent than they do in any other country of the size of India. I ask the Army Department to tell us on how many occasions it has been necessary actually to employ British troops, the internal security British troops, to quell disorder. I want an answer to that question.

Now, Sir, let us suppose for a moment, which, I admit, it is very venturesome to do, but suppose for a moment that it is decided that these internal security troops are not required. What will it mean to the country? It will mean a saving, taking the officers who have to go with the troops, it will mean a saving of nearly $7\frac{1}{2}$ crores of rupees every year. I find from the book "The Army in India," a copy of which has, by the courtesy of the Army Department, been placed in the Library, that the cost of every British soldier has risen from Rs. 1,000 to Rs. 2,500. 27,000 soldiers, therefore, at the rate of Rs. 2,500, mean $6\frac{1}{2}$ crores; and if you add another Rs. 75,000 as the saving in the salaries of the officers, you get nearly $7\frac{1}{2}$ crores of saving in one matter alone! I therefore ask the Government of India to examine the question and to tell this Council why the internal security troops cannot be disbanded. The Government of India are not unaware that the number did not stand at 27,000 all these years. It has been growing. It used to be below 16,000 at one time if my information is correct. It was 16,000 for many years. It rose to 20,000 after some time and now I have been surprised to learn this morning that it stands at 27,000.

Mr. Mahmood Schamnad Sahib Bahadur (West Coast and Nilgiris: Muhammadan): Internal security troops are required here to fight the Moplahs.

Pandit Madan Mohan Malaviya: No, my friend is mistaken. Extremely unfortunate as were the outrages in the Moplah country, there was a regular warfare there; it was not to quell internal disorder—I do not think you can call it that. (*A Voice:* "They were employed.") I am sorry, I did not catch the Honourable Member's remarks correctly. I beg his pardon.

Now, Sir, this is one very important direction in which saving can be effected. It is one which calls obviously and immediately for an examination. But this is not the only direction. I am sorry His Excellency the Commander-in-Chief told us that no other reduction of expenditure was possible. He disagreed with the Inchcape Committee which hoped that the expenditure should be brought down to Rs. 50 crores a year. His Excellency said that it was not likely that by a reduction of prices alone so much as seven crores could be saved. Perhaps he is right—not by a reduction of prices alone; but there are other means by which a saving may be effected.

Now, Sir, the most important manner in which saving can be effected is by laying down a national policy for the defence of India. The present policy is not a national policy; it is a policy which, however unpleasant it may sound to some here, is a policy which was described by one speaker yesterday, Mr. Jamnadas, as a policy of the military occupation of the country. You are not taking the residents of India into confidence in the matter of the defence of their own country. You have followed this policy for a long time. For goodness' sake, for the sake of fairness, for the sake of the human beings with whom you have to deal, change that policy now. Adopt a policy of national defence for which the people of India should be prepared, of nationalising the Indian army, and you will find many sources for reducing the military expenditure. Speaking on the question of the Indianisation of the Army His Excellency the Commander-in-Chief told us that a great deal was being done in that direction. We are grateful for whatever little is being done; we are grateful to those friends in the last Assembly, prominent among them Sir Sivaswamy Aiyer, who drew attention to the need for changes in this department in 1921 and in 1922. But we are sorry to find that their recommendations have not been fully given effect to. We are grateful that a college has been established at Dehra Dun; but that college is not sufficient to meet the needs of the situation. Seventy jets receiving instruction at that college, and out of these some necessarily having to be weeded out, will not give you the number of officers that you will require to Indianise the Army even in half a century. Let us consider what the figures are. I find from the Estimates which have been placed before us that there are about 7,000 odd officers in the Indian Army at present.

The Honourable Sir Malcolm Hailey: That includes both British and Indian units.

Pandit Madan Mohan Malaviya: The number of Indian officers, Sir Malcolm Hailey will agree with me, is 62—I mean of Indian officers holding the King's Commission. Out of 7,387 officers holding the King's Commission, there are, as I understand, only 62 who are Indians. Therefore there are 7,325 British officers holding the King's Commission

The Honourable Sir Malcolm Hailey: Just for the sake of getting the figures clear—though it does not really affect the argument of the Honourable Pandit—that figure includes officers both in the British section of the Army and in the Indian section of the Army. The number of officers

in the Indian Army proper is much less than 7,000; I think it is about 4,000 or 4,500.

Pandit Madan Mohan Malaviya: But I should like to get the correct figure. Perhaps my Honourable friend is right, perhaps he is wrong.

(At this stage Mr. President left the Chair which was taken by Sir Chinanlal Setalvad.)

In this statement which has been placed before us by the Government, I find that the total number of officers with King's Commission in the Indian Army is 7,139, for the Royal Indian Marine 104 and for Military Works 206. Among these, I understand, there are 62 Indians holding the King's Commission, so that it leaves us with 7,387 British officers in the Army. Perhaps Sir Malcolm Hailey is thinking of the total number of officers in the fighting units which is 4,172.

Well, if 7,325 British officers have to be replaced by Indian officers they will certainly not be replaced within a hundred years at the rate at which you are proceeding. Let us have a plan, a scheme; let us fix the time within which you intend to Indianise the Army. Is it ten years? You say it is not sufficient. Will it be twenty years? If that is sufficient, if it takes twenty to twenty-five years, as His Excellency the Commander-in-Chief tells us, to train an officer in the Army, how long will it take to train all the necessary officers that you want? Fix a number and begin to train a sufficient number of men in order that that number may be raised within a reasonable time. If you will admit five hundred cadets every year into the Dehra Dun college—you will have to weed out a good number, you will not find all of them fit to take up the King's Commission—it will take you more than twenty-five years to Indianise the Indian Army. (*Mr. M. A. Jinnah:* "A great deal more.") I will content myself with that; I will not go further into it; it will take you a very long time. (*Mr. Bipin Chandra Pal:* "Some say a hundred years.") I do not imagine that we shall get fully five hundred officers trained every year—I agree with the Commander-in-Chief that the training of an officer is a very difficult job—it takes time—it takes trouble, it requires a great deal of patience and grit and the men who will be trained as officers are not to be found in very large numbers everywhere. Therefore, making every allowance for the number that you will get, I say it will take you a very long time to Indianise the Indian Army if you proceed at the pace at which you are proceeding; and any hope of Indianising the Indian Army within a reasonable time must be abandoned, unless you decide to adopt a larger and more liberal policy. What should that policy be? It was said by the Secretary to the Army Department, Mr. Burdon, that you cannot get the right kind of cadets, that you cannot get the right kind of apprentices. I hope I am not mistaken

Mr. E. Burdon: No, Sir. May I explain that I did not make that statement. Certainly not. We are getting some excellent candidates.

Pandit Madan Mohan Malaviya: I am glad, Sir, to know that I was mistaken. The selections are confined at present to a certain class of men (*The Honourable Mr. A. C. Chatterjee:* "No.") Yes, they are, excuse me. What is needed now is a large national policy in which all the schools in the country, at any rate the high schools, will be required, as in England, to select suitable lads for the Army, to give them the necessary preparatory education at the school, and then to send them up to a larger centre for further education. If you introduce a system like that, you will be able to get a sufficient number of men from all over the country as you do

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in England. That is the system which every civilised country has adopted; that is the system which Japan has adopted and that is how she was able to build up her army in the course of twenty years. If we adopt that system, there will be a chance for the Indian Army to be Indianised within a reasonable period of time, not otherwise. I am sorry I do not see the smallest indication of a desire to proceed to consider a policy like that. I find the Commander-in-Chief is content with what is being done, though he promises to make further improvements at the college—and I have no doubt he will make them—but the policy requires to be reconsidered and changed. If that policy is not changed, Sir, there can be no hope of the satisfaction of the desire of Indians to prepare themselves for the military defence of the country; nor can there be any hope of a substantial reduction of the military expenditure. And, unless there is a reduction, unless there is a national policy of defence adopted, I submit that progress in all other directions will continue to be blocked, because the Army expenditure does take off an enormous proportion of the revenues of the country. It is owing to this expenditure that the Provinces have been starved in all beneficial services, and they will continue to be so starved until a change is introduced.

3 P.M.

If we now consider, Sir, another department where a change is necessary and where economy can be effected, I would draw attention to the Department of Commerce. The Department of Commerce is in charge of Railways and Communications. The Railways of this country have been a very costly affair. They should not have been so. Nearly 546 crores of rupees have been sunk in the Railways, and nearly 309 crores have gone out of the general revenues to maintain the Railways when they did not earn any dividends. So that the general taxpayer has sunk over 800 crores of rupees in the Railways. And what is the return that these Railways are bringing? I am told that we should not look at the figures of past years, we should bury the figures of the earlier years, we should only look at the figures of recent years and thereby content ourselves with thinking that the Railways of this country pay us 4½ per cent. But I cannot understand why we should shut our eyes to the actual figures of past years. There is a proposal that Railways should be run as commercial concerns. If they are to be run as commercial concerns, is there a firm in the country that will overlook all the capital that it has sunk in the business and merely think of the recent investments? (*Sir Campbell Rhodes*: "Yes.") My Honourable friend Sir Campbell Rhodes says "yes," but I am sorry I do not agree with him. I can well understand a bankrupt firm forgetting its obligations, but I cannot understand that the Government of a big country like India would obliterate all the obligations that they made to the people on the score of the railway investment and ask them to start with a clean slate as if nothing had happened in the earlier years. The Government of a country subsists, it endures, and so long as the Government of this country owns the State Railways, the people of this country do expect that every pie that has been sunk in the Railways will be recovered by the Government, not at once, but in the course of years. But they cannot forget that nearly 800 crores has been sunk in the Railways.

The Railways, Sir, have been very costly in other ways also. When the Government of India adopted the policy of constructing Railways, they ought at the same time to have considered what the national interests of India required, and they should have at that time begun to start railway

workshops to manufacture railway material. They did not do so. It is not that the need of it was not pointed out to them. Long ago, as far back as 1893, the late Mr. Justice Ranade, at the Industrial Conference held at Poona, read a paper in which he drew prominent attention to this subject. Before he did so, other English writers also had drawn attention to the necessity of starting railway workshops. I will quote a passage from Mr. Ranade's paper. He said:

"Many years ago Captain Townsend of the Ordnance Department observed in his work on the Mineral Wealth of India that nothing strikes the stranger who studies Indian economy so much as the contrast between the bounty of Nature and the poverty of man in the matter of this iron industry. Endowed more richly in iron ore than almost any other country in the world, India has, in a commercial sense, no iron industry at all.

Mr. Ball, Deputy Superintendent of the Geological Survey, in his work on Economic Geology observes that if the Government had started the manufacture of iron on an extended scale at the time of the first opening of the railways, great benefits would have accrued to the State. If the State was justified in undertaking the construction of its own railways, there was nothing inconsistent with principle in its undertaking the manufacture of its own iron any more than in its manufacture of salt or opium. The effect of its establishing factories for iron manufacture throughout India would have, in Mr. Ball's opinion, enabled the State to keep vast sums of money in circulation, and would have given employment to large numbers of people who now resort to agriculture as their only resource. The golden opportunity was allowed to pass, and we find ourselves in the anomalous situation that after one hundred and fifty years of British rule, the iron resources of India remain undeveloped, and the country pays about ten crores of rupees yearly for its iron supply, while the old race of iron smelters find their occupation gone."

Sir, that was said in 1893. The Government of India paid no heed to the valuable suggestion, and it was not until many many years after that the late Jamsetjee Tata thought of starting the Tata Iron and Steel Works. I know that the Government of India did give him a helping hand, and I am grateful for it. But, if the Government of India had recognised their duty towards the people of India in the matter of promoting indigenous industries, if they had looked at this question from the national Indian point of view, I submit, the position of India to-day would have been far different from what it is. The taxation would not have been so high, the average national income of the people would not have been so low. Well, Sir, the Government are aware what great service the Tata firm rendered during the time of the great war, how they were able to supply rails and shell steel for use in Mesopotamia and Egypt during the war. That is only one instance of how a national industry can help the Government and the people. The Government have got before them a programme of spending 300 crores in ten years on the Railways. May I suggest, Sir, that at least fifty crores of that sum should be set apart for helping the existing iron works or for starting other iron works, if needed, in order that locomotives, engines and other railway materials may be manufactured here, in order that, as far as possible, the railway demands of the country may be met and supplied by this country? It will be a good investment, it will be a very valuable investment, it will save enormous sums to the country, and it would give employment to large numbers of people. I hope the matter will receive attention.

A smaller question than that, however, but one more pressing, is the question of considering the position of the steel industry in India. The Government still worship the doctrine of free trade where it suits them; but they adopt a different doctrine where it does not suit them. In this matter the needs of India demand that her indigenous industries should be protected and these needs have become very acute during the last few

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months. I understand that the Government of India were approached on this matter in 1922 by the Tata firm; and that since that time the question has been before the Government of India. The Fiscal Commission made a recommendation; the Tariff Board was appointed, I understand that the Tariff Board has dealt with this matter, but we have not heard anything of the recommendations of the Tariff Board. I would like to know whether the recommendations of the Tariff Board have been placed before the Government of India. (After a pause.) I find no response from the Government Benches. I assume, Sir, that the recommendations of the Tariff Board have been placed before the Government of India; I assume that the Government of India are in possession of the recommendations of the Tariff Board with regard to the steel industry. But the House would like to know what those recommendations are. I hope the Honourable the Finance Member will enlighten the House on this matter. If we know what those recommendations are, it will give us much satisfaction if we know what the Government of India think on this question. But I want, Sir, to say this, that this great industry which has helped the people and which has helped the Government, deserves all the protection that the Government can give it. In face of the dumping that is going on at present from Belgium and France, it will be a disaster to the national interests of India if the Tata Steel and Iron Works came to grief for want of appreciation of their duty by the Government, for want of support from the Government. I do not for a moment suggest that the Government are not alive to their duty in this matter. If anything that I say leads to any such idea, I shall be very sorry. I speak not as a caviner; I speak as one who is earnestly interested in the welfare of the large number of people, men of small means as well as of large means, who have invested their little or whatever they had in the Tata Iron Works. If those works come to grief, there will be many other concerns which will go to the wall, and the country will be face to face with a big disaster.

Mr. N. M. Dumasia (Bombay City: Non-Muhammadan Urban): There will be a financial crisis.

Pandit Madan Mohan Malaviya: I hope, Sir, the Government are fully alive to the great national importance of this question, and I hope that before this House rises for this session, the Government will be pleased to declare their intentions in this matter. I am certain—I think I can speak with some confidence—that, so far as the Indian section of the House is concerned, and I may with pleasure add, so far as many business Englishmen in this Assembly are concerned, there will be only one voice, namely, a voice asking for protection for the steel industry of India. It is asked for and it ought to be extended on considerations of national well being. It is not in the interests of any particular individual or individuals that this representation is made. It is in the largest national interests. For it is essential that this one great concern which has achieved good results and which has served the Government during the time of the war, in an excellent manner, that this concern should receive all the assistance which the Government can render it, and I hope it will.

Sir, I would draw the attention of the Government of India to the necessity of extending protection to other national industries also. It is a matter of grief to many of us that the labours of the Industrial Commission have resulted in very little. We had been led to hope that much good would

result from its labours. But I find that many of the recommendations of the Commission have met with the same fate which has been the fate of the recommendations of many other Commissions in the past. They have been brushed aside. But, Sir, it is high time that the Government awake to the necessity of helping the indigenous industries of India. One of these industries—a very important one—is the cotton industry. At the present moment, the cotton industry in India is passing through a crisis. In 1815 India used to send her bales of cotton manufactures to England. From 1815 onwards English fabrics began to come to India in increasing quantities until they attained the value, I think two years ago, of 90 to 100 crores. They have now come down to about 60 crores, and we have got another competitor in the field. Japan, which used to import Indian cotton fabrics before the war, is now sending cotton fabrics valued at about 5 crores to India. The Japanese have, during these few years, doubled their equipment and are producing much yarn and a good deal of cotton fabrics and they are sending them to the Indian market. In the course of a few years Japan will become even a more powerful competitor than it is at present. I do not know whether Englishmen will be able to save even the Lancashire mills from the competition of Japan. The Japanese are a more practical people than we are. Indian labour cannot compete with Japanese labour because they are not so much hampered by considerations of an 8-hour or a 10-hour or a 12-hour day. I am not an advocate of sweating. I want labour to live and work healthily and happily. But I mention the fact for what it is worth. The Japanese women work, the Japanese men work, together, I am told, 20 hours a day and they are able to produce much cheaper cotton fabrics than our mill men are able to do. If this competition is allowed to continue, there is great danger to India. The Indian mills are in a position of danger. And I ask the Government to consider whether it is not their duty to help them at this time. The cotton excise which was levied many years ago has been a matter of sore complaint to the Indian industrialists. The Government were ready at one time, it was thought, to do away with the Indian excise duty. We had hoped it would be done away with. But if at one time the Government are inclined to say that it will go, at another time they say that circumstances, the financial situation, would not permit of its being done away with, and so it is that from 1894 up to this period, nearly 30 years, the cotton excise has stayed with us. It may be said in answer that the import duty has been raised to 11 per cent. But, when you analyse the situation, the import duty of 11 per cent. does not help the Indian mill men as much as the figure would indicate, and it is necessary to consider whether this cotton excise should not now be abolished. If it cannot be abolished, if the interests of the country, so far as revenue is concerned, make it necessary to retain it, the next thing to consider is whether the import duty should not be increased to another 4 per cent. You will say, that will be a burden upon the people of India. Yes, it will be—upon those who use the cloth which is imported from England. So far as the poorer people of the country are concerned, it is hardly necessary to say that they use the coarser stuff which is not imported from England. Either from the handloom or from the Indian mills we are able, I hope, to clothe the bulk of the poorer population of the country—except so far as the richer population also appropriate hand-woven cloth which they like. (*Cries of "Shame."*) It is not a matter of shame. It is a matter of religious duty. It is a matter of duty to find some food for a sister or a daughter or for the old lady who has no other means of livelihood, and I feel a religious satisfaction if I can purchase a piece of cloth, the yarn of which has been spun by a sister, and which has

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been woven by a brother. I have done so for many years and I hope I shall do so to the end of my life. Now, Sir, either from the handloom or from the mills we are able to supply a good deal of the cloth that we require for our people. But we import still cloth worth about 60 crores from outside, and it is necessary that the mill industry should not be placed under a handicap in competition with foreign concerns, and in order that it may not be, I request, I submit, I earnestly urge that the question of the abolition of the cotton excise should be considered. If it cannot be abolished for any valid reason, I submit that the import duty on cloth should be increased by 4 per cent. Perhaps a set of economists will laugh at this proposal. They will perhaps consider that I am speaking in the interests of the mill owners. Well, if I were, I would not be ashamed to confess I was. But, I am looking at the question from the national point of view. It is true that, if 4 per cent. more is added as import duty on cloth, the middle class men and the upper class people, who use foreign cloth, will have to pay a little more. But we should be prepared to pay that much more in order that the national cotton industry should be protected. (*The Honourable Sir Basil Blackett*: "We will all have to pay more.") I am told, Sir, we will all have to pay more. Be it so. Let us pay it. Let us look at the question again from the national point of view. Australia purchased its own cloth for years together, paid higher prices, purchased poorer stuff, but steadfastly adhered to the policy of purchasing only Australian made cloth and thereby built up her textile industries. The Persians, I was recently told and was glad to learn, have laid it down as a rule that no public servant of theirs shall wear any cloth except of Persian manufacture. But I will refer to the most advanced people perhaps in the world, the people of the United States of America. While they have no import duty on raw cotton, while they allow all the raw cotton which can go into their country to go there free of duty, they impose an import duty of 40 per cent. upon manufactures of cotton which may be imported into their country. That is a fact which has a great lesson for us. It is a very simple matter, and I would be insulting the intelligence of this House if I were to go into it at any length. It is a simple question of whether a national industry shall be preserved or helped to grow, or whether we shall allow it to be throttled and killed by foreign competition because a few of our people will thereby be saved a little money during the time. They will save a little money for a time but they will have to be dependent upon foreign manufactures for their supplies in the years to come and the foreign manufacturer will mercilessly fleece them, even more mercilessly than any other manufacturer.

Mr. Bipin Chandra Pal (Calcutta: Non-Muhammadan, Urban): Will not the Indian manufacturers?

Pandit Madan Mohan Malaviya: I had some Indian manufacturers in mind when I said that they would fleece more than any other manufacturer. I am sorry, to think that some Indian manufacturers raised the price of cotton fabrics when there was a great demand for them in this country. I have spoken to several of them and I have told them without any hesitation that they sinned in doing so. But their answer was: 'We could not help it; we followed an economic law. We have done so, but we are increasing the industrial wealth of the country. We want to put in more handlooms. We want to put in more spindles. We want further to build up our cotton industry so that it may completely serve the needs of the

country." Well, Sir, that is my suggestion with regard to the question of the Cotton Excise duty. It is a duty which ought to go, and if it does not go, it ought to be counter-balanced by an increase in the import duty, not from any narrow point of view, but from the broad national point of view of helping an important national industry. So far, then, with regard to the Commerce Department.

I would now draw attention to only a few other points though there are many which demand attention. One is the question of . . .

Mr. Chairman: May I remind the Honourable Member that he has taken nearly 50 minutes and there are many other Honourable Members who are anxious to speak?

Pandit Madan Mohan Malaviya: I thought, Sir, that the time limit was not imposed to-day, but if you think that it should be imposed, I will sit down.

Mr. Chairman: No time limit has been imposed, but I expect Honourable Members will impose some limitations on themselves.

Pandit Madan Mohan Malaviya: Then I take it, Sir, that you leave it to me to decide when to conclude, or do you want to limit the time?

Mr. Chairman: I am not limiting the Honourable Member in any way. I am only appealing to his good sense about it.

Pandit Madan Mohan Malaviya: Thank you, Sir, I will be as brief as the circumstances will permit.

I draw attention to another feature of the Budget which is a very glaring one, and that is in regard to expenditure on New Delhi. My friend Sir Purshotamdas has already referred to it. I wish to refer to it briefly in order to show how extravagant has been the expenditure of the Government on it. I ask, Sir, any one who drives through New Delhi, to compare the conditions which he finds there with the condition of the people who dwell in cottages all over this country, even in the vicinity of New Delhi. I ask Members then to imagine what justification there can be for the huge expenditure of money which has been spent in building up New Delhi. If the Government of India have been able to carry on their work these 12 or 13 years in old Delhi, if with the temporary Delhi that was constructed all our work is being carried on without any hitch or hindrance, why was it necessary to invest so much money on New Delhi? If the country were flooded with revenue, if we had a superfluity of cash, I can imagine some of it being spent on embellishing a new city. But when we consider that during these few years people have had to bear additional taxation, and the national debt has been growing, it seems to me that the waste has been criminal, and I want that there should be an end put to it now. Is there any chance of its being done? Will the Government of India take note of the general sense prevailing in this Assembly and even now appoint a Committee to consider with what minimum of expenditure the construction of New Delhi might be finished? If they do not, they expose themselves to the greatest condemnation to which any Government can be exposed for their action during the last ten years, and I hope that the Government of India will yet agree to appoint a Committee.

Mr. Darcy Lindsay (Bengal: European): There was a Committee appointed last year for this very purpose.

Pandit Madan Mohan Malaviya: I am told that there was a Committee last year. Last year and this year are different. There is a tremendous change now. I hope my friend who mentioned it to me understands the change, and I wish that there should be a Committee appointed now to go into this question of expenditure on New Delhi and advise the Government to wind up this business with as little further expenditure as may be possible. At a time when there is so much need for expenditure in other directions, the waste of this money, as I say, has been inexcusable.

I will now come to another Department before I close, and that is the Home Department. The Home Department has been responsible for the administration of law and order. How it has been mismanaged has been stated by many people in this House. I want the Home Department now to write upon a new slate and to abolish all the imprisonments that have been inflicted during the last three years. I wish, Sir, that the Home Department recognises the change that has come about by the coming together of this Assembly. While it is anxious that the Assembly should co-operate with the Government, the Home Department should also show its willingness to co-operate with the people by abolishing these imprisonments and by setting free all those who have been imprisoned under the Indian Criminal Law Amendment Act, the Seditious Meetings Act or under section 144. I would also ask the Government to review the situation as a whole including what took place during the last few weeks at Jait. This House requested that a Committee should be appointed to inquire into the event. I should like to know whether a Committee has been appointed. I should like that the Government should announce the appointment of the Committee so that, what happened at that unfortunate place, may be definitely known.

(At this stage Mr. President resumed the Chair.)

It is a well known principle that there should be a redress of grievances before supplies, and while the Government have on so many questions not been able to accommodate the Assembly, while the Government have not carried out the recommendations of the Assembly on so many important matters, is it reasonable for them to ask this Assembly to support their Budget? I ask every Englishman present here to put himself in the position of an Indian, and imagine all the circumstances that I have drawn attention to. I would ask him to review the history of the Indian administration during the last several decades, during the past half-a-century, to consider the action of the Finance Department, to judge whether the Finance Department has done its duty by the people of India, to consider the history of the Army Department and to judge whether Government have done their duty by the people so far as that Department is concerned, to consider whether the Commerce Department of the Government of India has done its duty by the people of India, to the extent it should have done, to consider whether the Home Department has served the people in the way it should have done. If they have not, I want, Sir, that they should consider how essential it is that there should be a change in the system of Government. The present system has failed. It has failed in every important Department to which I have made reference, and I hope that every Englishman present here who will survey the situation as I request him to do, will feel that he would not be doing his duty to the masses by supporting this high taxation, by supporting this extravagant expenditure, which means death to millions of people, which means loss

of happiness to many more millions of His Majesty's subjects in this country. It is a matter, Sir, of very grave, very solemn importance. It is not merely a question of the hour. It is not a question which can be settled by passing the Budget this month. It has gone on for a long time. I appeal to every Englishman to place himself in the position of an Indian and consider what he would have done in similar circumstances, and support our demand that there shall be an early and effective change in the system of Government or tell the Government that they must be prepared to carry on the administration without the moral support of those who have come here to represent the people.

Mr. Harchandrai Vishindas (Sind: Non-Muhammadan): Sir, thanking you for the indulgence you have shown me in allowing me to address the House, I begin first of all by replying only to one remark of Mr. Pilcher which he made here. Although it may not be entirely relevant to the speech on the Budget, still it is indirectly connected with the question of the Budget, and as Mr. Pilcher was allowed to refer to it, I think I am justified in replying to him. He read some provisions of the Select Committee's report to the effect that the Governor General's power of certification was quite legitimate. Nobody ever questioned this position. All that we, who were opposing and condemning the certification of the salt tax, urged was that there was no such extreme emergency as to call for certification, such as otherwise would shake the foundations of the Empire. Therefore, the discretion that was exercised at the time of certifying the salt duty in spite of its being thrown out by the Assembly was not justified. Now, Sir, coming to the position of the salt duty, it will claim a good deal of attention, as it has already claimed, of the Members of this Assembly. Mr. Dumasia has referred to the formula that used to be stated some years ago that the Budgets of this country were a gamble in rain. He might be told that there were other formulæ which used to be used in previous years. For instance, after the second Afghan War a good deal of military expenditure had been omitted from the Budget which was afterwards discovered and the Budget came to be nicknamed as "the bogus Budget of dismal memory". Then, again, Sir Griffith Evans later on as regards one Budget said that "we were grovelling in fish maws and shark fins." But these ancient sayings are not so relevant as the important pronouncement that was given to us at the very first Budget that was introduced after the reforms. Sir Malcolm Hailey, after reviewing the position that used to be occupied by the Budget in previous years, namely, that the Members of the Assembly, or rather of the then Imperial Legislative Council, had only power of criticism but no power of control, said:

"Now, the situation has been changed. If we incur expenditure, it will be under their (that is, the Assembly's) mandate. If we impose taxation, it will be by their vote."

a temple of faith which has turned out to be a hecatomb of broken promises and unredeemed pledges, as was witnessed by the coach and four driven through this pronouncement by the certification of the salt tax last year.

Now, Sir, the point has been touched on by several other speakers, but it has not been completely elaborated that the apologia which the Honourable the Finance Member has given with regard to the diminution in the expected revenue from salt duty is not correct. Anticipating an attack on this point on the part of those Members who prognosticated last year that the law of diminishing returns would certainly assert itself in the present case and that the Government were labouring under a delusion as they

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thought that they would be able to realise all the 4½ crores that were budgeted for, he put forward this remark. He said:

“To begin with, there were very large issues of salt during January and February 1923 in anticipation of the enhancement of the duty. The hope of profiting by a reduction in duty in 1924-25 has now led traders, especially in Northern India, to reduce their stocks as far as possible.”

Now, I submit that that explanation is entirely unsound for the simple reason that so far from the dealers in salt anticipating any kind of increase of taxation they knew that the whole country was against any higher imposition of salt duty and they never expected that Government would go to the length of setting aside the will of the people's representatives in the Assembly and using their extraordinary power of certification. But, assuming that that fact is true, what does it now represent? He says:

“The over-issue during January and February 1923 may be put at approximately 36 lakhs of maunds,”

What is the total at Rs. 1-4 a maund extra salt duty on 86 lakhs of maunds? It will be Rs. 45 lakhs. Now, does this 45 lakhs of rupees in any way explain the deficit in the realisation of Rs. 3 crores? He says that the traders in Northern India have reduced their stocks as far as possible and that they hope to profit by a reduction in duty in 1924-25. That involves a very wrong assumption. In the first place, nobody anticipated that there was going to be any reduction of duty on salt. On the contrary, speculations were rife in several newspapers and places that there would be a very large deficit—some even went to the length of saying that the deficit was 20 crores of rupees and therefore there was no expectation of a reduction in taxes. But assuming that there was, there is no evidence and the Honourable the Finance Member has failed to give any figures as to the net issue in these months.

The Honourable Sir Basil Blackett: I have stated that 80 lakhs of maunds were under-issued in the year.

Mr. Harchandrai Vishindas: “The actual issues for 1923-24 are expected to amount to about 3,80 lakhs of maunds”

Then, we should have liked, in order that this statement might be complete, to know what is the normal issue in any particular year or particular month. It was not possible

The Honourable Sir Basil Blackett: I have stated the normal issue. I have given the figures. The Honourable Member does not seem to have read them.

Mr. Harchandrai Vishindas: Yearly, monthly or what? What I mean to say is this, that each month's issue will depend on its own merits. I say that this diminution is entirely due to the law of diminishing returns and that what we prophesied last year was quite true. Then he goes on to state:

“I may add that I have been unable to find any evidence that the restricted issues have been accompanied by any reduction in actual consumption.”

How can he possibly give us any statistics as to the actual consumption? Does he go to every poor and rich consumer of salt and ask them how much they have consumed last year?

The Honourable Sir Basil Blackett: Has the Honourable Member any evidence of reduction?

Mr. Harchandrai Vishindas: I do not know. The burden of proof lies on him. It is the Honourable the Finance Member who has to discharge this onus and not I. So far as the salt duty is concerned, it has agitated the whole country and has created a political crisis. It has resulted in so many consequences that have been already narrated not only on the floor of this House but in the press and from public platform. Therefore I say that Diwan Bahadur Rangachariar was perfectly right in reminding the Members of the Treasury Benches that they should not entirely disregard popular opinion. "*Vox populi, vox Dei*" "the voice of the people is the voice of God" as has turned out to be the case in the instance of the salt duty, and I hope that Government will bear in mind, without setting it aside as a joke, the injunction which Diwan Bahadur Rangachariar has placed before them, namely, that in all their doings, in all their disposals of the Budget this year, they will have regard to the various suggestions and advice that have been thrown out by Honourable Members. As regards large stocks being held up by dealers, it should be remembered that it is not possible for the dealers to hold up large stocks because they have not very large godowns and they run the risk of deterioration in the monsoon time by rain. I have done with the salt duty.

The announcement of the Honourable the Finance Member of a reduction in the duty on motor spirit is very much welcome. For a long time consumers of motor spirit have been complaining of the very heavy and extortionate prices that have been demanded from them. It was pointed out by reference to statistics by Sir Purshotamdas Thakurdas yesterday that the price of petrol in England is about seven annas whereas the price of petrol in Delhi is 85 annas.

The Honourable Sir Basil Blackett: Seven annas in England?

Mr. Harchandrai Vishindas: Seven annas in America, and 85 annas in Delhi. The Burma Oil and other trading companies are making huge profits. When a question on this point was put to the Honourable Sir Charles Innes last year, the explanation he gave was that those companies or companies in India were influenced by the consideration that, if they did not sell it so cheap in outside countries, they would not be able to compete with those countries. I say this is no explanation at all. It is obligatory upon Government to protect the interests of the people of this country and the consumers. I remember a parallel instance some years ago. The forest contractors in Sind in my own province began to profiteer a great deal owing to the particular exigencies of the situation. The want of competition placed that power in their hands and the Government authorities at once came down upon them and warned them that, unless they gave some relief to the consumer, Government would take immediate measures which brought the contractors to their knees and they reduced the price for the consumer. I think some such measure ought to be adopted by the Government in this instance also. The relief that will be afforded by a mere reduction of 4½ annas will be a mere trifle.

Now, Sir, a great deal has been said about military expenditure. Of course that is a topic which is a hardy annual. Almost every Member thinks that that is the best subject for his comments and remarks. I will not

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traverse the ground that has been already covered by previous speakers. I would only touch on one or two points. Two years ago His Excellency the Commander-in-Chief in his speech said in reply to the remarks of some of the previous speakers that, while Honourable Members had been pressing for the withdrawal of troops from Waziristan, could they imagine what would be the state of those countries bordering on the frontier upon whom outrages, murders, kidnapping and other offences would be committed if the Government were to withdraw from Waziristan? So far so good. Since then the people have been tolerating the expenditure that has been incurred in Waziristan and I do not think anybody would grudge the Government expenditure upon roads because those roads will not only serve the purposes of the Army in the protection of India as against the border tribes, but will also be useful to the people themselves for locomotion, for transport and other things. But in this regard I would place before His Excellency the Commander-in-Chief a suggestion. Would it not be better to bring humanizing influences over that part of the country? It has been often times pointed out that the raids that are committed by these border tribes are due to poverty and to want of food—a sheer necessity for them. Instead of spending crores of rupees on these expeditions and on those armies which would only result in loss of life, would it not be better to create some means by which these people could be taught agriculture, could be taught the means of making their living in their own country? Could not schools be opened on the border which will not only be useful to the border tribes but also to the people in the North-West Frontier Provinces who are the subjects of His Majesty? Then, His Excellency the Commander-in-Chief told us that he has been able to make reductions in the Army to the extent of from 75,000 British troops to 57,000 and from 159,000 Indian troops to 140,000. Has His Excellency ever taken into consideration the scheme for substituting Indian troops for British troops? It may be that there is a certain bar against the substitution of Indian officers for British officers, as pointed out by His Excellency, on account of the long time that it takes to get training; but the same argument does not hold good as regards the rank and file. I rather think that the military authorities would be serving a very useful purpose if they made a large substitution of Indian troops for British troops. For instance, even if it was not possible to make any further reduction, still I should have expected that a reduction of 37,000 should have come from the British troops and a substitution made of Indian troops. I do not think there could be any objection to that. What is more we have got very good fighting races in this country from whom you can have recruits. You have got Sikhs, Gurkhas, Punjabi Muhammadaus, Dogras and such like and they constitute very good fighting material and I think they can compare favourably with even British units, because the British units are not recruited from such specially hereditary martial races as our Indian troops. Now as to the Dehra Dun College, I have only one remark to make in regard to that. When Dr. Gour was referring to this College he said that the middle classes do not receive any education there. Up rose Mr. Calvert and asked Dr. Gour to define middle classes. Dr. Gour's reply was not at all satisfactory. He said that it was the same class to which Mr. Calvert himself belonged. That was incorrect because Mr. Calvert belongs to the aristocracy . . .

Mr. V. J. Patel (Bombay City: Non-Muhammadan Urban): Mr. Calvert belongs to the bureaucracy.

Mr. Harchandrai Vishindas: The instances given by Mr. Burdon are also not of the middle class. Instances were mentioned of the Government pleader of Bengal who must be as big as a Nawab and a District Judge who must be drawing at least Rs. 3,000. As I say it is only the aristocracy that can gain admission to the Dehra Dun College because the fee prescribed is Rs. 125 a month and I would put people drawing about Rs. 500 as belonging to the middle class and other people drawing higher salaries as aristocracy. If you charge Rs. 125 a month for a student in the college, is it possible for you to get a sufficient number of middle class? I say 'No.' Now, it was plainly remarked by His Excellency the Commander-in-Chief that the education given in the Dehra Dun College is an education that even if those people fail in the army they can pursue other vocations, such as commercial, education or any other. This gives me to understand that real military training is not imparted in the Dehra Dun College at all, but only a kind of preliminary education such as is given in the public schools in England. To my mind this Dehra Dun College is unnecessary. To have recruits for Sandhurst I think it will be enough to have recruits from any other schools in India. That has several advantages. In the first place the field of selection is very much widened. Owing to the limited nature of the accommodation in the Dehra Dun College you have 70 students now of whom 10 may be sent to Sandhurst and of these 10 also there may be several failures.

Mr. E. Burdon: May I explain that we actually do take candidates for Sandhurst from other schools and colleges in India. Dehra Dun only supplies a relatively small proportion at present.

Mr. Harchandrai Vishindas: I am very glad to hear that explanation from Mr. Burdon and it only strengthens my argument that the Dehra Dun College is entirely unnecessary. If the whole of India can supply material for Sandhurst, why start this institution upon which there will be so much expenditure? But there is another disadvantage and mischief on account of this Dehra Dun College. In the first place it teaches only the children of the higher class parents. I dare say it will not be denied that those higher class parents are accustomed to luxurious lives and so the children would not be so hardy. Our country not being an industrial but an agricultural country, students drawn from other parts, who do not occupy the position of Dehra Dun students, would be mostly of the agricultural class and more hardy, would be able to rough it and therefore be more fit for military service than the students turned out by the Dehra Dun College. I have done with the military part of the expenditure but I would only repeat that, as has been pointed out before, the military expenditure is an octopus which pierces its tentacles in the entrails of our resources. The best means of reducing military expenditure is to Indianise. If there is a bar to the officers being easily Indianised, which point I am not going to touch as it has been sufficiently dealt with by others, there seems no objection to the number of Indian troops being increased, by substituting them for a number of British troops, which may be withdrawn. This will bring considerable economy having regard to the fact that there is five and a half times as much expenditure upon a British soldier as upon an Indian.

Then, Sir, there are one or two more matters which I will ask your leave to refer to. One is the Ecclesiastical Department. This Department is rather an anomaly, and an unnecessary burden upon the people. The Ecclesiastical expenditure is non-voted, therefore we cannot touch it

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in the course of the demands. I would submit that if the Ecclesiastical Department is maintained because there is necessity of ministrations of religious services to the European servants of the Government, I would say the same consideration applies to the case of the ministrations of religious services to the Hindus, Muhammadans, Parsis, Jews and others; but that would rather multiply expenditure whilst those who profess other religions have never made such a demand; and therefore I think Government would be serving the best interests of the taxpayer if they abolish this establishment altogether. You have read in to-day's and yesterday's telegrams that Mustapha Kemal Pasha has abolished the Khilafat and expelled those connected therewith, and that I think is a lesson which the Government of India should take advantage of. (Laughter.)

Now, Sir, one word more and I have done. Great play was made by some speakers, notably by Sir Purshotamdas Thakurdas, whose brilliant speech I had every reason to admire, with the fact whether the Finance Minister was justified in calling this a surplus Budget. Why not? Because he has caught hold of a windfall? But does it become a surplus Budget and the less? I think it was unnecessary fault finding with words to say this is not a surplus Budget. So far as the net result of the two sides, receipts and disbursements, is concerned, it is surely a surplus Budget. But what do we gain by calling it a surplus Budget or not. The only question is whether, on the whole, we are required to put on any extra taxation or not. That is the criterion by which a Budget is to be judged as surplus or deficit. The subject of salt has been dealt with by several other Members, but I might say that it must have become apparent to the Honourable the Finance Member that the consensus of opinion in this House is that they are not prepared to swallow the bait of Provincial contributions in order to maintain the salt duty at Rs. 2. Whether those Provinces who will be benefited by the reduction of the Provincial contributions or others who are not benefited, are concerned, they are all prepared, as has appeared from the speeches of non-official Members, to reject the proposal of Rs. 2 and reduce the salt duty to Rs. 1-4. (*An Honourable Member*: "Abolish it".) That is going a little further, but I will take it at Rs. 1-4. Abolish it, so much the better. As regards the ultimate effect of these proposals and what might come round during the debate on demands, if it is found that there are some other sources of revenue which can be availed of and both these objects served, namely, the reduction of the salt tax and the reduction of Provincial contributions simultaneously, so much the better. And although I come from Bombay, and we hear so many wails from Bombay from time to time that Bombay has not been properly and fairly treated in Lord Meston's award, and is not to get the benefit of the proposed reductions, still I would not play the dog in the manger, but would look at the question from a national point of view for the whole of India. (Hear, hear.) If my brethren in the United Provinces get some relief, it is not right for me to refuse it because I myself am not benefited. Therefore I would most willingly vote for the reduction of the Provincial contributions suggested by the Honourable the Finance Member and the reduction of salt duty to Rs. 1-4, or its abolition altogether if in the end our funds permit.

Mr. T. E. Mohr (Madras: Nominated Official): Sir, for the last two days we have been discussing the first surplus Budget that has been presented to the Legislature since the year 1917-18, and one would have

thought that under the circumstances, our debate on such a Budget might have assumed a somewhat more cheerful form than has actually been apparent. I suppose, Sir, the fact is that we have felt that there was a considerable degree of unreality about our proceedings, and that at the back of our minds there has been a feeling that we were not really discussing the Budget on its merits, but that we were attending what might prove to be its obsequies, and that the officiating priests are standing round, clad in austere and ceremonial vestments, possibly with some impatience that a few days must yet elapse before they can proceed to the final rites. But, Sir, even under those circumstances, and even though the bright death may quiver at the victim's throat, I must say that, like the would-be philosopher, I cannot help a certain amount of cheerfulness from breaking in; and if that is so, it is not merely because I come from a Province to which this Budget holds out certain prospects, illusory perhaps, but, Sir, because I feel that, whatever may happen to the Budget itself, that cannot effect the importance of the results on which this Budget sets the seal of accomplishment. It has been to me a matter of some surprise that the statement of the Honourable the Finance Member to the effect that the era of unbalanced Budgets has been brought to an end has not attracted more attention. It is now something over five years since the conclusion of the great war, and surely a balanced Budget, a surplus Budget, does set its seal on results which are worthy of more attention. We have in that period in the first place managed to reduce our Army to a peace footing.

It has been a long and arduous, and as His Excellency the Commander-in-Chief said, an uncongenial and unpleasant task. It has
 4 P. M. meant the disbandment, the turning out of employment, of thousands of gallant men,—a necessary action perhaps, but one from which I am afraid the Punjab, the Province for which we have all so much admiration, has chiefly suffered and by which the Sikh people have been very deeply affected—which I am sure we all regret. We have further, Sir, emerged from a period of very serious dislocation of trade and industry. We have introduced a new constitution which, whatever defects may be urged against it, as the proceedings of this House itself have shown, is a considerable advance on the past in constitutional reform. We have not only done that, but we have also provided for the not inconsiderable financial charges which any such movement in the direction of representative and responsible government must inevitably entail. We have further placed the finances and the financial relations between the Central and the Provincial Governments on a new basis; and in that connection we have managed to effect most important and complicated financial readjustments—a task which, as I know from experience, has given rise to great difficulties and to much labour. We have further succeeded in the same period in overhauling and re-organising both in the Central Government and in the Provinces the administrative departments so as to adjust them to new conditions and to their new responsibilities. We have further in this Budget a promise, as I have said, that the Provincial contributions will be done away with. I am not going to count my chickens before they are hatched, and I admit that there are indications that the Madras incubator is not yet properly warmed up. But, Sir, let us take the final result of all this work and of all this readjustment that has been done in a period of about five years. We have now, Sir, a surplus Budget. We have a total debt of slightly over 905 crores of which only 228 crores, or approximately, 152 million sterling, rank as unproductive debt; while of that sum the actual war debt approximates to 80 million sterling.

[Mr. T. E. Moir.]

I have heard many suggestions that India has met an undue burden in connection with the war. But I think that any other of the principal participants in that conflict would be exceedingly glad if they had escaped as lightly, and I would point out to the Honourable Pandit Madan Mohan Malaviya who voiced that suggestion that whereas in this country I pay an income-tax of about 1s. 6d. in the pound; when I return to my own country I pay 4s. 6d., and that against a war debt of 80 million sterling which this country has to bear. My own country; I think I am right in saying, had to increase its debt by over 7,000 million sterling in order to meet its share in that conflict.

Pandit Madan Mohan Malaviya: The average income has also increased.

Mr. T. E. Moir: Further, Sir, our normal central expenditure has at last apparently settled down somewhere in the neighbourhood of 130 crores or 26 million sterling, as against 80 crores prior to the war—an increase of slightly over 60 per cent. which, as far as I can make out, is rather less really than the corresponding fall in the value of money. That we have been able to secure all this in the five years succeeding the war is a fact which I regard as a great tribute to the work so ably accomplished by the Honourable the Finance Member, and to measures which were in so many respects initiated and guided by his predecessor.

Now, Sir, turning to the points immediately affecting the Budget, it is admitted by all honest critics that last year the Budget, if I can help it, had to be balanced and I do not propose to add to the questions, which the Honourable the Finance Member already has to answer. Some criticisms, as far as I can make out, cancel each other. We have the Honourable Sir Purshotandas Thakurdas urging strongly that it is a deficit Budget, but against that the Honourable Member can put the opinion of Mr. Shanmukam Chetty that we really have a concealed surplus. As regards the methods by which the Budget was balanced, discussion has of course largely centred round the salt tax. There is, I know, a suggestion that the salt tax in some mysterious way is a degrading tax; but if that is so, at any rate paying the salt tax is a degradation, which we all share, because we all pay it. In support of that view, reference was made to the French Revolution. Now, Sir, I am not a deep student of the French Revolution period, but I do remember that among the causes which accompanied that disaster, recurring deficits, unbalanced Budgets, financial panics, inadvisable financial expedients, inflation, the pretence that revenue charges could properly be debited to capital and other measures of that kind, played a very considerable part. Perhaps I might further emphasise the importance to India of sound finance by pointing out that in the same country, France, a country that has emerged victorious from the war, doubtful finance has had the effect of promoting a financial crisis and is leading it into a period of very considerable difficulty. I wonder what would happen to this country if the rupee in relation to the £ bore the same adverse relation as the franc. There is a further argument against the salt tax, that it is a tax on the poor. I admit it and, if we can at some future date manage to relieve all the poor in this country from any taxation, no one would be more delighted than I would be myself; but I notice, if I may give an example from my own Presidency, that when we began in educational matters to admit to special concessions what we call the depressed classes or the backward classes, almost every other class of the community with one accord began to claim that it was either depressed or backward;

and I think, Sir, that by the time we have removed taxation from those who claim to be poor in this country, there will be a very small number of taxpayers left. But be that as it may, we have to remember that last year when the same argument was brought forward, and alternative sources of taxation were suggested which would, as far as I understand, have transferred that burden to classes which were better off. This Assembly entirely failed to arrive at any agreed opinion as to which of these alternatives should be adopted. I wonder if under the same circumstances there would be a different result this year!

Then, Sir, there is a further argument that the salt tax is financially unsound, which is after all the main consideration with which, in discussing the Budget, we are concerned. I cannot help agreeing with some of the previous speakers in feeling that there was some mistake in the anticipations made last year. I do not suppose my figures will agree with anybody else's figures, and I have no doubt that the Honourable the Finance Member will be equally capable of turning down my figures as well as any one else's; but I can only go on the figures given in the Budget statement and the memorandum. Apparently in 1922-23 there were excess issues of salt—I base my figures on those of the two previous years—amounting to about 60 lakhs of maunds. Accepting the Honourable the Finance Member's figure of 495 lakhs of maunds as normal issues, we might have expected a normal issue in 1923-24 of 430 lakhs of maunds. It seems to me, therefore, that the departmental estimate of 500 lakhs of maunds for the current year must have been rather sanguine. It probably ought to have been about 430 lakhs of maunds. The amount not issued owing to the expectation of the rate being reduced in the Budget for the coming year, as far as I can make out, must therefore have been about 50 lakhs of maunds or roughly 10 per cent. of an ordinary year's consumption—an amount of course which could perfectly easily be met from the stocks which were held throughout the length and breadth of the country. It also seems to me that on the basis of the Rs. 2 duty, the estimate in the Budget for the coming year of 480 lakhs of maunds is somewhat of an under-estimate; but I am not going to quarrel with that, because even if realisations exceed expectations it will only give the Finance Member something in hand to meet those vicissitudes which have marked the current year's results and which, I am afraid, we cannot reasonably expect to be altogether absent from the results of next year.

Now, Mr. Rangachariar plumed himself on having spotted the winners in the Budget discussion of last year. He said that this item of revenue had been under-estimated, that some other item of revenue had been under-estimated, and so on. Well, in the three-card trick, if you are allowed three chances with stationary cards, you are bound to spot the lady, and Mr. Rangachariar and others did no more than that, because throughout the Budget discussion they simply said this item is under-estimated, the other item is under-estimated, every item is under-estimated; but I would point out that even with those under-estimates on certain items, there were equally over-estimates on other items, and, if it had not been for the salt tax, we would have a deficit Budget of 2 crores instead of something comparatively negligible, about a third of a crore.

But it is by its indirect effects rather than by calculations of that kind that I would estimate the action which was taken last year, to balance our Budget, the essential restoration of our credit, the great

[Mr. T. E. Moir.]

improvement in our ways and means position, the more favourable position of the exchange. Among these indirect benefits I would only mention one other; several times in this House the case of the holders of our 3½ per cent. debt has been brought forward and the Government have been asked to look upon it sympathetically. As far as I can make out from the figures furnished by the Honourable the Finance Member, the value of the holdings of that debt has in the last year increased by a sum amounting to something between 14 to 15 crores. I am taking merely the 3½ per cent. debt, and I think, Sir, that that in itself would be sufficient justification for a balanced Budget.

Now, Sir, I have frequently been involved in discussions on the question of Provincial contributions. But, Sir, if I remember rightly, last year you ruled that any detailed discussion on that question would more properly take place when the Finance Bill itself was under consideration. I do not, therefore, propose to enter in any detail into the case so moderately put forward on behalf of the Bombay Government by Mr. Bell. But I will draw his attention in anticipation of a further debate to certain points which seem to me considerably to vitiate the conclusions he desired to have drawn. His province has a population of 19½ millions, Madras has a population of 41½ millions. According to the latest figures I have, whereas Bombay is in a position to spend Rs. 5-4 per head of its population on provincial needs, Madras can only find Rs. 2-6, and, even if we got back the whole of our 3½ crores, we should still lag far behind the Bombay Presidency. (*A Voice*: "What harm is there?") Mr. Bell quite rightly and legitimately pleaded the claims of Bombay in regard to Sanitation and Education. But are we in Madras immune from disease? Are the babies in Madras born with a working knowledge of the three "R's" or are they already acquainted with the principles of practical agriculture? It is not so. But whereas Bombay can spend '22 rupees per head of its population on Sanitation, we in Madras can only spend '14, and whereas Bombay can spend '04 rupees on Education, we can only spend '39. But, Sir, leaving aside all details, I might put this question to Sir Purshotamdas Thakurdas, to Mr. Bell and to other Bombay Members. Do they think that by directing their policy so as to keep Madras out of those improved prospects which were held out to them when these matters were settled they are doing their own cause any good?

Sir Purshotamdas Thakurdas: Sir, I quite appreciate the Honourable Member's reference to me, but I have still to speak on Provincial contributions. I have not spoken about it yet.

Mr. T. E. Moir: I am sorry I mentioned a wrong name.

Sir Purshotamdas Thakurdas: I greatly appreciate the honour all the same. (*A Voice*: "It was Sir Chimanlal Setalvad.")

Mr. T. E. Moir: I am sorry, Sir, I gave the wrong name. But I would ask them whether they are really doing themselves any good. I quite admit that there are questions in which Bombay is vitally interested, but would it not be better for Bombay to get all the provinces placed in the same position with reference to the Government of India and then open up these wider financial issues to which they have referred? I am sure that we in Madras would be perfectly prepared to explore the future under such conditions, but, as long as their attitude is that Madras must suffer in order that they may benefit, we must continue to oppose our

emphatic negative and refuse to have a settlement torn up before it is put into operation

Sir Chimanlal Setalvad: It is an entire misrepresentation of the attitude of Bombay.

Mr. T. E. Moir: Now, Sir, in this connection, there is another question which I would put to Mr. Shanmukham Chetty and also to Mr. Rangachariar if he were here. It is a point which considerably increases my apprehensions. We have been told from many corners of the House that the remission of the Provincial contributions must be deferred till the salt tax is reduced to Rs. 1-4-0. We have had some suggestion from at least one corner of the House that we must wait till the salt tax is entirely abolished. We have had Mr. Shanmukham Chetty talk of the cotton excise duty. We hear projects for a Mercantile Marine and several Honourable Members have urged the claims of the steel industry. I would ask those Honourable Members who have pressed those claims, are the Madras contributions to wait till all these demands are met? (*A Voice:* "Yes.") If not, when will they be pleased to remove their embargo on this measure of justice to the province from which I come?

I was further, if I may say so, greatly disappointed with the speech made by the Honourable Mr. Rangachariar. For fifteen minutes he complained of the absence of statistics and information which, so far as I can see, was available in various blue books and departmental and other annual returns if he had chosen to consult them. He then for another fifteen minutes devoted himself to a eulogy of his own capacity as a financial tipster, and then in one sentence drove a dagger into the back of his own province. We are now waiting to ascertain what the views of his own province are on this matter of vital importance. Our Madras Budget was introduced only on the 4th, and it has been impossible as yet to focus Madras opinion on this dilemma which has been placed before the House, but I do think that a Madras Member who was not going to be present in this House when the issue would be further fought out, might well have refrained from a gratuitous, and as it seemed to me, wanton attempt to prejudice the case of the province from which he came. But, Sir, there is one thing that he, or any one else, cannot take away. This question of the Provincial contributions has at last become a live issue on the floor of this House. We are no longer talking about money which is not there. But I know the risk we run. And with reference to possible events, I might adapt the words of the poet who has more than once been quoted in this House. With reference to the remission of contributions I would say:

"One glimpse of it within the Assembly caught
Better than at Raisina lost outright."

Sir, I would in conclusion offer my most hearty congratulations to the Honourable the Finance Member on the successful results of his management of the finances of the country during the past 12 months and sincerely express the hope that no menace either internal or external may in any way retard or spoil the anticipations of the coming year which he has placed before us, and express my appreciations of a Budget which does open out a promise to the Madras Presidency which I sincerely trust will yet be fulfilled.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, the only part of the Budget that I wish to touch upon is the military expenditure. The military expenditure is one of the heads which is not votable.

[Mr. M. A. Jinnah.]

Apart from the question of the head being votable or non-votable, we are allowed the privilege in this House of expressing our views on that part of the Budget. His Excellency the Commander-in-Chief was good enough to say "As your Commander-in-Chief I advise the House to do this and that." I welcome that spirit. It is a new departure. But I may tell His Excellency the Commander-in-Chief that, while he was pleased to say that he is our Commander-in-Chief, unfortunately we have no control over the amount that he spends, or his policy and therefore his word is the last word. But, Sir, such advice as we are allowed or we are privileged to give in this Assembly under the constitution, and taking that position in this House for the present I will offer a few observations. First of all, it is a fact that 63 crores of the revenue is allocated for the military expenditure this year. It is also a fact that that is a heavy burden on India. I do not think that the proposition which the Commander-in-Chief laid down can be disputed that he must have a force, a military force, strong enough to defend India and to maintain internal peace and order. I do not think that it can be denied that it is a sound proposition for any country to adopt. But, Sir, if it stopped there, namely, that 63 crores are absolutely essential for the purpose of maintaining a defence which is necessary for our country, then no doubt the Commander-in-Chief's words must carry the greatest possible weight in this House. But the question is this. Has this got to be reduced or has it not got to be reduced? And, if the former, how? Now, one suggestion was placed before His Excellency the Commander-in-Chief that the total number of what is called the British Army being 70,142, a portion of this ought to be done away with. That was one suggestion. If you do so, you will at once reduce the military expenditure by 7 crores or 8 crores as the Honourable Pandit Madan Mohan Malaviya suggested. It was suggested by some other Honourable Member again that the British troops could be done away with altogether. He asked "Why do you want the British troops at all? Why not do away with the British troops and, if you want, increase the number of the Indian troops?" The total strength of the Indian Army, as far as I have been able to gather, is 137,056. That is to say, do away with, if I may use the expression, the white troops, increase the number of the Indian troops, and thereby you will be able to effect a great saving and yet maintain the necessary strength of the combatant forces. That is proposition No. 2. Proposition No. 3 is one which I will read to this House and is in the words of a great authority who now happens to be the Prime Minister of England at the present moment. And this is what he says:

"A large part of the Army in India, certainly one-half, is an Imperial Army, which we require for other than purely Indian purposes; and its cost therefore should be met from Imperial and not Indian funds."

Then he says, later on:

"A self-governing India would no doubt insist upon bearing some definite share in defence, but like the Dominions it would settle how much it ought to bear. It would adjust the cost to its means and it would decide in what form it was to make its contributions,—perhaps an Indian recruited Army. In any event, the plan by which India pays for an Imperial Army stationed there without in any way determining its policy, is as bad as it can be. If the existing system of Imperial defence is to last, the whole cost of the British Army stationed in India should be borne by the Imperial exchequer."

(A Voice: "What is the date of the book? 1920?")

Mr. M. A. Jinnah: Yes. It is not a very old expression of opinion. (A Voice: "That is after the reforms.") That is proposition No. 3. Now, I come to proposition No. 4 which I venture to make as my own.

Sir, the position is this that to-day we have got, as I said, a British Army of 70,142, Indian Army 137,000, officers of the British Army 2,092 and officers of the Indian Army 2,078. The Commander-in-Chief said that it takes 40 years to make a Commander-in-Chief. I have no doubt of it. But we want only one Commander-in-Chief. But we have got to make many other things which the Commander-in-Chief has got to look after. The Commander-in-Chief also said that if you want a Commanding Officer, it takes about 26 years, namely, when he is raised to the rank of Lieutenant-Colonel in charge of a regiment. Now, we do not want all of them to be Colonels either. We require one Commander-in-Chief and a few Commanding Officers no doubt. But what is the scheme which you have got in front of us? The scheme, Sir, is so nebulous, if I may say so, that if in the process which you are following, namely, that 10 cadets are to be sent to Sandhurst, and 10 is the number reserved, and I will assume that all these ten come out successfully every year, the question arises how many centuries will it take to Indianise the Army. Of course you do not want 40 years or 26 years to make a subaltern. I think His Excellency the Commander-in-Chief will admit that we can make a subaltern within two or three years.

His Excellency the Commander-in-Chief: I did not deny it, did I?

Mr. M. A. Jinnah: No. But at present, your scheme gives us this. We can only get ten a year and that is if they are all successful. I will take the highest figure favourable to His Excellency the Commander-in-Chief that all the ten of them will succeed. How many years will it take for us to make 2,078 officers of the Indian Army? You must divide 2,078 by 10. The Honourable Pandit says that the number is much larger. The Honourable Pandit is not quite correct. I am taking the number as 2,078 of the combatant forces. You have got the Indian Medical Service. If you take all the officers in the Army including the Indian Medical Service and others

Pandit Madan Mohan Malaviya: Then it is 7,000.

Mr. M. A. Jinnah: Of course it is 7,000. I am taking 2,078 as the number which is required in the fighting forces.

Pandit Madan Mohan Malaviya: It is over 4,000.

Mr. M. A. Jinnah: I am talking of the Indian Army. There are two divisions. The other is called the British Army and the officers are 2,092 in the British Army. I am now dealing with the Indian Army alone. I am for the moment talking of the Indian Army alone. I have got to get 2,000 officers roughly, and if I am going to get ten men every year, how many years will it take me to get these 2,000 officers? (*Voices:* "200 years; never.") I am much obliged to the Honourable Members who slightly differ in their mathematics in totalling up and I do not blame them. Certainly it is such a long long time that it will shock anybody.

Mr. O. Duraiswami Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): If every set of 10 people got every year be immortal it will take 200 years.

Mr. M. A. Jinnah: I ask the Commander-in-Chief, is that the only method, is that the procedure to which we are to be committed, and nothing more? He says, "we have got a College at Dehra Dun". Well, I welcome it. I may venture to differ from the Honourable Member who spoke before me, but I welcome it. I am never against any educational institution that is started in India. The more the better. It is no doubt

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that it will be the one source from which these ten recruits will be drawn. Now, Sir, how are these recruits drawn? There is no doubt, if I may say so most respectfully to His Excellency the Commander-in-Chief, that you are drawing these recruits by selection and your Selection Board is guided by the family history of the boys who are selected. You may say that at present, as you have made a beginning, you thought that that was perhaps the best possible course to adopt. But it is open to many objections, and I do not wish to say anything more than to remark that it is a system which is not likely to get you the very best recruits that you want.

His Excellency the Commander-in-Chief: I am quite prepared to admit what the Honourable Member has said with regard to getting recruits. Has he any other alternative to suggest, because, if so, I shall be very grateful for it.

Mr. M. A. Jinnah: The alternative that I have to suggest to Your Excellency is this, that you should have an Indian Member sitting by your side on that Bench with a sufficient amount of money at his disposal to make the Indian Army a national army as soon as possible.

His Excellency the Commander-in-Chief: May I say that I should welcome the Honourable Member if he will come here?

Mr. M. A. Jinnah: I am so glad that we agree, but unfortunately the Government of India Act does not provide for it, but I hope that it will not be very long before the Government of India Act will provide for it. I shall proceed with my argument further. I further concede at once that, even if we are to get Indian officers in the place of English officers in the Indian Army, I am open to this criticism, "how will you reduce your military expenditure?" Of course, I cannot, because I shall have to pay the Indian officers probably the same amount that I have to pay to the English officers. (Voices: "No, no. Much less.") There is no distinction when an officer is holding the King's Commission unless this Legislature, when it gets power, decides to decrease or reduce the pay of the officers holding King's Commissions. That is a different matter. I am now arguing on the footing of the pay which you will have to give to the Indian officers holding King's Commission. Our problem, therefore, cannot be solved by merely making this Army into an Army which will be officered purely by Indians. I am now dealing with the Indian Army. Then you will ask me, "how are you going to reduce the military expenditure?" My answer is that you will never be able to do it so long as you do not put the Indian Army on the same footing as the Dominion Armies. It is the system that must change. So long as this system remains, unless you deport the white troops *in toto*, or unless you make it half, or unless you make the Imperial Exchequer pay a contribution on the ground that these troops are required for Imperial purposes and not for Indian purposes purely, unless you get any one of these three courses, the problem will remain just the same as far as the military expenditure is concerned. But this can not come about unless you get the system changed and follow the system of the Dominion armies. It will be impossible for you otherwise to tackle this question properly. Now, on that point, what do we find? We have attempted to make some sort of a beginning in the shape of the Territorial Force. The Territorial Force was started, as it is put in Mr. Burdon's book to whom I am thankful for giving me a copy, because it is a most valuable book inasmuch as it gives us really a good deal of information which otherwise it would have been

difficult to get in one place—this is what it says, that the Territorial Force was constituted under an Act which was passed in 1920. After saying that it is primarily the outcome of the Montagu-Chelmsford reforms, it goes on to say :

“ Self-government cannot be a complete reality without the capacity for self-defence, and when the first phase of representative institutions was established the political leaders of India naturally claimed that the Indians should be given wider opportunities of training themselves to defend their own country. The Territorial Force is, in fact, one of the several aspects of the Indianisation of the military services which has been previously mentioned as an important feature of the present day history of the army in India. The Force is intended to cater amongst other things for the military aspirations of the people of India to whom military service has not hitherto been a hereditary profession. It is intended ”

—this is the passage to which I wish to draw the attention of the House in particular—

“ at the same time to be a second line to, and a source of reinforcement for, the regular Indian Army.”

Now, Sir, that is what we want. What have you done about the Territorial Force? The limit is 20,000. What progress have you made? If I may here again say so, you started this in 1920. We have been at it for four years—nearly three years.

His Excellency the Commander-in-Chief: Two years.

Mr. M. A. Jinnah: But what have we done? Very poor progress indeed, and why limit it to 20,000? I say here, if you will go on side by side with Territorial Force in right earnest and provide us not with ten cadets a year—for we want a great many more—if you will go on side by side earnestly as our Commander-in-Chief and push on with the Territorial Force not limited to 20,000 but on the Dominion lines and if necessary, even if we have to resort to compulsory training do it, but not a training such as is given for two months, or three months, but a real proper training, a training which will enable those men to stand by the side of the Regular Army as a real reserve force—that is what we want. I say, Sir, that is far from being done. It is wholly unsatisfactory, and, unless His Excellency the Commander-in-Chief comes into this House with a proper scheme which will convince us of a real beginning, not a nebulous beginning, not merely a sort of (*A Voice*: “ Eye wash ”) just eye wash, but a real thing, then I shall welcome it.

Mr. R. D. Bell: Eye wash is a very good thing for sore eyes.

Mr. M. A. Jinnah: But what happens when you have got no eyes? There are some who have got no eyes and will not see. Are you going to trifle with this House by saying that you have done a wonderful thing when you will take 200 years and more to get Indian officers for the Indian army? You are trifling with the House. I can only say none are so blind as those who will not see.

His Excellency the Commander-in-Chief: I really want to remind the Honourable Member that his basis of calculation of the 200 years is a false one, because he takes the number of ten which is the basis of that calculation as a permanent figure for all time. Now, I told this House in my speech yesterday that I contemplated an increase and I was very anxious that this number should be increased and that I was enlarging the Dehra Dun College for that purpose. Therefore, I object to the Honourable Member stating 200 years as a solid figure.

Mr. M. A. Jinnah: I welcome it. I was only saying that that is what we have got at the present moment. I also invite His Excellency to come forward with a definite scheme,—I have no doubt that His Excellency has got every sympathy with what I am saying—we want before us a definite scheme which will enable us really frankly and honestly to tell you that we think you are really making a substantial beginning. I shall await its announcement. Sir, I do not wish to occupy the time of this House any longer. I hope that the result of this debate will soon put our Commander-in-Chief in motion and before long we shall have a real, substantial proposal which will convince us that we are making a real substantial progress in the direction both of officering the Indian Army and of making the Army a national army.

The Honourable Sir Basil Blackett: Sir, this debate has been, I am sure, a very interesting one for His Excellency the Commander-in-Chief. From my point of view it has been a disappointing one. We have had 27 speakers and I think not more than three of them have discussed the central problem of this year's Budget. I do not complain of this occasion being used for the purpose for which it is intended, for a general review of the financial position and for the raising of general questions, and in particular for the discussion of military questions or questions of military finance. It is natural that the opportunity should be taken and in so far as the discussion turned on military subjects I am sure it has been an enlightening one. But I am disappointed that the central problem of the Budget has not been discussed. I have heard some whispers of complaint during the last month that this House has no power and no responsibility. It has demanded an increase in its power and its responsibility. In the Budget that was placed before this House last Friday the responsi-

5 P.M. bility is definitely put before this House of coming to a decision as to the proper use of the surplus of 336 lakhs, which appears in the Budget estimates for the year. The Government made their recommendation on the subject. They expressed arguments on this side and on that and they made a recommendation that the surplus should be divided between two claimants. I do not think that more than one speaker has suggested an alternative method of arriving at the result desired. That was Mr. Chetty. Nearly everybody said that either he cannot or would not (I was not quite sure which) vote for anything higher than Rs. 1-4-0 for salt. A good many speakers have mentioned the question of the Provincial contributions but no one, unless it be the Honourable Pandit Madan Mohan Malaviya, has made a suggestion for an alternative form of taxation. In the course of an hour's speech he treated this House to that eloquent flow of incorrect statements to which we are becoming accustomed. I do not propose to follow him in many of his statements. Their average value may be judged by his statement that the Japanese workmen in the cotton mill industry work 20 hours a day. I am told that the maximum is something between 10 and 11 hours. He only doubled the figure. He suggested, however, an alternative tax, an increase by 4 per cent. of the duties on cotton imports. I do not know whether he did it for the purpose of relieving the charge on the very poor. I have not been able fully to work out the figures in time. But I estimate that it would bring us in about the same total amount, as far as I can make out, as the difference between Rs. 1-4-0 and Rs. 2. I think it would cost about six times as much to the average village Indian. If he took to *khaddar* the results would be the same; the only difference would be that, instead of the exchequer

getting the money, the Bombay mill owners will get it. I do not wish to say much more about military expenditure than has already been said. However, I do want to quote a few figures. They have been remarkable by their absence. We have had statements that the proportion of military expenditure to the total expenditure of the Government of India is something from 80 per cent. down to, I think, 32, which is the lowest that has been given. We had a very interesting speech from Mr. Jamnadas Mehta who has not been able to be present here to-day. He has sent me a letter very courteously apologising for his absence because he has been called away. The House will remember that he made a little bit of a mistake about the source of our opium revenue. I could not help feeling, as I listened to his picture of what he would do if he were Finance Minister, that I was having an opium dream. He first of all added something like 20 crores to our military expenditure, saying that it was concealed military expenditure. As far as I could understand it was chiefly interest on war debt, which can no doubt legitimately to some extent be regarded as having some connection at any rate with military expenditure. He then proceeded to state that, if he were Finance Member, he would abolish most of our revenue, he would reduce the Provincial contributions to nil: he would make a present of an unstated sum to Bombay in addition, and he would reduce military expenditure to 30 crores. Well, he presumably included 20 crores for interest and 9 crores for pensions, so he was left with one crore with which to defend the North-West Frontier. He made a great point of the military expenditure being 82 per cent. of our total expenditure. As far as I could make out, when he is Finance Minister, it will be something like 100 per cent. of our total expenditure and more than 100 per cent. of our revenue. What are the facts? The best estimate that I have been able to make in the time is that, taking our Central Government expenditure less the military receipts and the Provincial Governments' expenditure together, the expenditure on government in India at the moment is 211 crores. That excludes the working expenses of commercial services. If you add those, the total becomes 277 crores. This year's estimates for military expenditure amount to 60 crores and 25 lakhs which is 28½ per cent. of 211 crores and 21½ per cent. of the larger figure including commercial expenditure. Other speakers spoke about our ever growing military expenditure. Dr. Gour with his usual eloquence was lyrical on the subject. What are the facts? The original estimates—I will take them first—for 1921-22 were 66 crores and 82 lakhs, for 1922-23 67 crores and 75 lakhs, for 1923-24, 62 crores and for 1924-25, 60 crores and 25 lakhs, the 25 lakhs being the addition made in order to pay customs duty.

Dr. H. S. Gour: Will the Honourable Member read the figures for 1913-14?

The Honourable Sir Basil Blackett: I should be delighted to read the figures from 1757 onwards, if I had them, but I have not got them and what the figures for 1913-14 have to do with the question I do not quite see. Prices have very nearly doubled since. We have had the great war. Dr. Gour forgot it and various other causes have interfered completely with comparison. The actual expenditure was 87 crores in 1920-21, 70 crores in 1921-22, 65 crores in 1922-23 and is estimated at 59 crores and 74 lakhs in 1923-24. If my income "ever grew" in that sort of form I should feel poor. I do not propose to dwell any further on the military expenditure except to make one complaint. His Excellency the Commander-in-Chief said that only one Member of this House had been to see the military college at Dehra Dun. I went last year and I think he forgot

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that because I cannot think I am the only Member. I went there because I agree with what is the view of this House generally, that this problem of Indianising the Army is at the root of most of the problems we are discussing, and a very interesting visit it was. I should like to say one word as regards the statement that the recruits are drawn from one particular class. The head of the college there was talking to me and he gave me very interesting details of the different sources from which the recruits were drawn. Quite a large number are not the sons of aristocrats or even Dr. Gour's friends, the middle class, if I may put it that way, but they are the sons of people who are Viceroy's commissioned officers in the present army. I think they also should be called middle class but I exclude them from what Dr. Gour apparently regarded as middle class. I have one thing more to say about military expenditure. I said in the House in my Budget speech that I looked for progressive reduction in our military expenditure. Our military expenditure is high and it can and will be reduced, but it can only be done gradually. I was very much interested to see that Sir Purshotamdas Thakurdas, in his hour's speech, did not complain that we had not carried out the Retrenchment Committee's proposals in regard to military expenditure. We have carried them out, and we have done a little better. When we are told that military expenditure is an unduly high proportion of the expenditure of India, I think that we should really candidly listen to what Mr. Pilcher (I think it was) said, that the reason why it forms such a high proportion of India's expenditure is that the expenditure on other purposes is rather strikingly low. (*Dr. H. S. Gour*: "Is it?") That is not the sort of statement that a Finance Member is expected to make. I am aware of the boldness of a Finance Member making that statement, but I do so because I believe it to be true. There is an English proverb about being "penny wise, and pound foolish." I am told that the Bengali version is that "the miser goes to bed early in order to save candles, and has a large family". It is my belief, Sir, that the way to improve India's national income per head, the way to increase India's prosperity, is by more expenditure properly spent. I am not an advocate of its all being done by Government, but some of it must be done by Government, and it is in that direction I believe that India should look for the increasing prosperity which is the aim of all those who are working for her. And I would add that the creation during the last few years of popularly elected representative Assemblies and Councils in the Central and in the Provincial Governments gives the right opportunity for making a new attempt to achieve something in that direction. If the Government are to spend money on beneficial services, they must have the support of the representatives of the people in doing so, and that, Sir, is one of the things which the Reforms Act of 1919 has brought within India's reach. Now the relevancy of what I have been saying to what I call the central problem before the House to-day in regard to the Budget and the Finance Bill will, I think, be obvious to every one. I say it in all sincerity and in all earnestness. The reason why the Government of India recommend a two-rupee per maund salt tax is because they believe that at the present time, and for some years to come, the rate of Rs. 1-4 for salt is a luxury in which India ought not to indulge, not because it is pleasant to collect higher taxation. One does not collect higher taxation for its own sake,—but because the use which can be made of the proceeds will be an investment for India, an investment in education and sanitation and improved

services, and at the same time in an improvement of the working of the reformed Councils throughout the Provinces, which will bring considerable dividends in the future. A Finance Member thirty years hence will be collecting a considerably larger revenue, if the generation that is now beginning to grow up is better educated, better housed and receives better sanitation. Therefore I say it in all sincerity. I am not making a political speech. What I am saying is not being said merely for the sake of winning votes. It is being said because I believe it. That is the choice before this House. This House has the choice this year of a Rs. 1-4 salt tax and no relief for Provincial contributions, and though it is not absolutely certain, it is probable that, if it makes that choice, there will be no relief of Provincial contributions next year. The services of which I have been speaking will continue to be starved and we shall continue to be in some considerable doubt at headquarters as to the possibility of balancing our Budget a year hence on the basis of salt at Rs. 1-4. With salt at Rs. 2 we have no such reason for doubt in the Central Budget, and we have made a beginning of relief to the Provinces. I said with perfect sincerity in my Budget speech that I do not desire to appeal to Provincial particularism. I do not. I have seen it stated in some irresponsible quarters, not in this House, that I have made a special bid to particular Provinces. I had nothing to do with the order in which the first relief in Provincial contributions was made. That is laid down by the Devolution Rules and that it goes to the particular Provinces named has nothing to do with any choice that the Government make now. It is laid down in the Devolution Rules, and I believe that a beginning of a reduction on the lines there laid down will be of enormous benefit to this country, not merely because it gives a little extra money to one Province or another, but because it will change the atmosphere of inter-provincial friction and hostility, and hostility between the Provinces and the Central Government. A point has been made quite frequently that the Meston award was not a satisfactory one. Bombay feels it in particular, Bengal has voiced it. Now a little looseness of phraseology is sometimes employed in speaking of the Meston Award. I have been guilty of it myself. The Meston Award, strictly speaking, is the award giving certain sources of taxation to the Provinces and certain other sources of taxation to the Central Government. The Provincial contributions are a temporary accretion on that award, intended to be purely temporary, and we do not reach the basis laid down by the Meston award until those Provincial contributions have been paid off. One speaker to-day recommended Bombay to cast her bread upon the waters. I think that was very sound advice.

Every one who has studied the question must realise that the Meston Award, drawn up at the time it was drawn up and in the circumstances in which it was drawn up, could not satisfy everybody and was not likely to be absolutely equitable as between all the different interests involved. I recognise as strongly as any one else that it has placed a Province such as Bombay or a Province such as Bengal in rather peculiar difficulty in so far as it gives them no elasticity. It is the want of elasticity that is I think the most difficult thing in the present arrangement resulting from the Meston Award. One of the speakers—Mr. Bell, I think—said that he did not raise the question primarily from the point of view of getting more money for Bombay, of getting a larger share for Bombay. If we could come to a general understanding that the re-opening of that question was not for the purpose of getting more money for one Province away from another, but for the purpose of improving the elasticity of the revenues

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both of the Provinces and of the Government of India, then I think that the objections to re-opening the Award would be to a large extent removed. But it is quite impossible in my judgment to contemplate re-opening that Award until you have at any rate made a beginning with reduction of the Provincial contributions. Bengal has a special case in this matter. As far as I can understand Mr. Lindsay's argument, it was that this year our surplus on the basis that I gave is not 336 lakhs but 399 lakhs, namely, 336 plus 63 the Bengal contribution, and that what we ought to do after reducing the salt duty to Rs. 2 is to give away the remainder which would then amount to 216 or 217 lakhs to the Provinces in the order—63 to Bengal, 80 to Madras, and so on. Well, that is a question that will have to come up for discussion next year. We cannot obviously at the present moment I think decide what is to be the future of Bengal's contribution; but I will say this, that if the House, in accordance with what I have gathered hitherto to be the sentiment of a considerable number of those who have spoken, decides this year that there is not to be any reduction of the Provincial contributions, the claims of Bengal to a reduction next year will obviously not be the strongest.

Sir, it has been the habit I understand in past years for the Finance Member in replying on this Debate to take up as far as he can one by one the points raised by the speakers who have preceded him. We have had 27 speakers—I am the twenty-eighth—and in view of the hour of the day at which we have arrived I hope that I shall be excused from an attempt to deal exhaustively with all the points which have been raised. My Honourable friend Diwan Bahadur Rangachariar complained that my Budget speech was not something in the nature of my friend Professor Rushbrook-Williams' "Moral and Material Progress Report". If my reply followed the same lines we might get away in time for breakfast to-morrow. Mr. Rangachariar asked for some figures showing the progress of our income-tax and the number of assesseses. I have some here. I think perhaps in view of the number of the figures contained here, it would be best if I made arrangements to have them laid on the table.* I think laying them on the table will be the easiest way of answering the questions raised.

Sir Purshotandas Thakurdas raised some questions about the extent to which we had put into force the Retrenchment Committee's proposals under the head "Civil Expenditure". As regards the year 1923-24—the year that is now closing—the figures are as follows. At the time when the Budget was introduced we stated that we hoped to be able to effect a total reduction of 710 lakhs. The total recommendations of the Incheape Committee amount to 905 lakhs in a full year. When we circulated a report in July as to the rate at which we were effecting reductions, we stated that for the year 1923-24 we hoped to make a total reduction of 757 lakhs. In the statement that was laid on the table on the 1st February, the figure was given as 721 lakhs, but that figure should really be 791 lakhs because 70 lakhs in the case of the Post Office, which had been transferred to the Post Office for charges for pensions and so on in connection with the commercialisation of the Post Office accounts, have been included in the Post Office on this occasion and were not before, as they are merely a transfer from one vote to another. If that is allowed for, the true figure is 791 lakhs out of a total of 905. For 1924-25 I have not been able to obtain the exact figures but I am endeavouring to have distributed in time for the

* Printed as an Appendix to these Debates.

Demands for Grants a statement which will give the information desired. One point made by several speakers was in the nature of what is called on the Stock Exchange "jobbing backwards". Mr. Rangachariar said that he had told us that we had overestimated our expenditure. He also told us at the time, though he did not remind us of the fact when he spoke—he also told us that we were considerably underestimating our income. As I told the House a year ago, I had been as optimistic as I possibly could in framing our revenue estimate. The actual results prove that I was unduly optimistic, so that in that matter Mr. Rangachariar was a very false prophet. It is true that under the head of expenditure where we have the power where something was within our control, we have succeeded in making a very material reduction on the estimate of expenditure which we put forward at the time of the Budget. But as I stated in the Budget speech, unfortunately our estimates of revenue were optimistic or sanguine to an even greater extent, so that the small surplus which appeared on paper in the ordinary Budget as introduced had been converted into a small deficit on the revised figures, though, as I said, I am not without hope that the actual figures, when they are known a few months hence, will prove that there is no deficit at all on the ordinary figures.

Then we are accused of having kept the House in ignorance of the windfall. I think the word "windfall" has been misunderstood. I am told the dictionary definition of a windfall is something, such as an apple or fruit, which is found on the ground blown down by the wind. The windfall, Sir, was on the tree a year ago. (Dr. H. S. Gour: "Is it not just there even now?") Neither the Government of India nor anyone else had any knowledge that this money or any large part of it would eventually be found to belong to India. Even as it is to-day, there are, as I have already said, some counter-claims and we are not quite certain about the whole of it. That is one answer; the windfall was not a windfall at that time; it was an unripe apple on a tree. (Dr. H. S. Gour: "It is on the tree still.")

The second answer is this. As I stated in my Budget speech, an extraordinary item of revenue of this sort ought not to be used to meet ordinary recurrent expenditure. We should not have balanced our budget by ordinary revenue against ordinary expenditure if we had included in it the sum now represented by the windfall even if we had known about it.

The same critics have waxed eloquent about their own wisdom in telling us that salt ought not to be increased to Rs. 2-8. They were answered rather effectively as regards one part of their argument by a speaker on this side of the House who denied *in toto* their claim that the accidents which occurred to some of them at the polls would have been less if it had not been for the increase in the salt tax. I should like to go further. If those who were in the House a year ago and were by their own confession willing to agree that on financial and economic grounds alone an increase in the salt tax was a most desirable way of covering the deficit, if they had had the courage of their convictions and had voted for it, I am not sure that their courage might not have stood them in good stead. The fact that the House did not vote for Rs. 2-8 and it was left for the Government of India to secure a balanced budget by its own merit alone is one of the most important explanations of the fact that the yield of the salt tax for the year did not come up to expectations. I discussed very carefully at the time—the end of March last year—whether it was desirable in view of the special circumstances of the time to modify our estimate of the yield. It was quite obvious that, if a large body of opinion in this Assembly was

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proclaiming to the world that they did not mean to continue the tax at Rs. 2-8 next year, the dealers would take care that they paid Rs. 2-8 on as small an amount of salt as possible. I have been challenged with quotations from the economists about the law of diminishing returns as to my statement that the dealers' failure or refusal to draw salt that they did not absolutely require was a cause of the reduction in the figures. My answer is that the dealers themselves say so and surely they know best. It is after all only human nature. The suggestion that other causes have been important factors in reducing the total is made without any kind of appeal to evidence as against my own statement on the evidence of the dealers, that, being human beings, they have been trying to do the best for themselves. However, I do not want to spend more time on jobbing backwards.

I have already covered, I think, the most important subjects that were raised by the speakers who have preceded me in this debate. I will not attempt on this occasion to deal with the proposal for a reduction in the cotton excise. I understand there is to be a debate on that subject the week after next and that will be an opportunity for further discussion. At the moment it must be obvious even to the most ardent advocates of the reduction that we are not in a position to make any reduction this year.

There is one subject, however, on which I feel I must say a few words. I must defend an absent potentate who has been grievously abused by one or two of my friends. The Secretary of State has been accused of slapping the Government of India in the face and stabbing it in the back and one or two other picturesque metaphors have been applied to what he said. Now, it is really extraordinary, I think, that any such notions should have been read into the speech of the Secretary of State. He was obviously explaining to the House of Lords the reasons for what he described as the general feeling of mistrust in India and among the reasons he mentioned the salt tax and certification. He stated that he had been brought up to regard the French Revolution as having been brought about by the imposition of the *gabelle* or salt tax, and he said "I think most of us have had it ingrained in our bones to regard a salt tax as a peculiarly iniquitous and horrible form of taxation." Now, though possibly the Secretary of State has not studied the French Revolution with the same vigour as Mr. Pilcher, I feel sure that he is a good enough historian not to believe that the salt tax had very much to do with the French Revolution. He did not think it necessary to say so, because it obviously appeared from the context of what he was saying that he himself did not share that view.

Mr. G. Pilcher: On a point of explanation, Sir. The Secretary of State himself said "I was brought up to regard the French Revolution as having been brought about by the imposition of the salt tax or *gabelle*." There is no indication whatever in Lord Olivier's statement that he has since had reason to change his mind.

The Honourable Sir Basil Blackett: The Honourable Member has read it in exactly the opposite sense to the sense in which I read it. Most of us were brought up to believe all sorts of foolish things. I believe that a large number of people in India are brought up to believe that the salt tax is a bad thing. As was well pointed out by another speaker, modern scientific history has proved that among the economic causes which were connected with the bringing about of the French Revolution perhaps the most important was the failure to impose sufficient taxation in order to meet the expenditure which the Royal Government of France was incurring. Now it

was very unfair that the Secretary of State should be accused in this House of stabbing the Government of India in the back without an opportunity of defence being put up on his behalf; but I am happy to be able to say that, realising that those things were being said in regard to this subject, the Government of India made a special inquiry of the Secretary of State as to what his intention really was in that matter; and I am authorised to say that the view which the Secretary of State was expressing in that speech was the view which I have just now been putting forward, namely, that he had been brought up to regard a salt tax in the light that he was suggesting, but he was not for a moment saying that the salt tax was a bad thing in India or ought not to be imposed at the present time. He mentioned it among the causes which he gave in explaining what he regarded as the distrust felt in India in regard to the Government and its intentions. I am authorised to say that not only does he recognise the inevitability of the tax in existing conditions, as shown by his approval of our Budget proposals, but that he also holds that at present there is no less onerous alternative means of raising equivalent revenue. I hope, therefore, that those who have been criticising the action of the Secretary of State will be convinced that that criticism is due to a misunderstanding

Mr. Gaya Prasad Singh (Tirhut Division: Non-Muhammadan): Has the Honourable Member received a cable from the Secretary of State?

The Honourable Sir Basil Blackett: That is so, Sir.

Mr. Gaya Prasad Singh: Will the Honourable Member kindly read the whole of it if he has no objection?

The Honourable Sir Basil Blackett: I have just been reading the material portion of it.

Mr. A. Rangaswamy Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Oh! it is in Reuters.

The Honourable Sir Basil Blackett: I gather that an interview has also been given to one or two journalists on the same lines.

Mr. V. J. Patel (Bombay City: Non-Muhammadan Urban): Will the Honourable Member kindly lay on the table the cable that the Government of India sent to the Secretary of State so that we may understand his reply.

The Honourable Sir Basil Blackett: I do not propose to lay any cable on the table.

I think, Sir, that I have now covered all the points that it is necessary for me to deal with.

Mr. C. Duraiswami Aiyangar: In paragraph 12 of your speech you stated that the traders were overstocking salt during January and February 1923 in anticipation of the enhancement of the duty, and, in the hope of profiting before a reduction in duty in 1924-25, they were trying to reduce their stocks. Sir, on the 29th February you kept us in suspense till 6 o'clock without telling us whether the salt tax would be reduced at all and, if so, whether to Rs. 2 or to Rs. 1-4-0. May I know, Sir, how the traders come to know of these before the Budget proposals are out?

The Honourable Sir Basil Blackett: A little bird used to tell me things when I was a boy. The traders did not know it, but they may have made

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a pretty good guess. I have seen things stated in the newspapers as to the intentions of a large number of Members of the Assembly which would have led me, if I had been a salt trader, to suppose that there was a slight possibility of a reduction of the rate.

Mr. C. Duraiswami Aiyangar: One more point, Sir. You have stated that 495 lakhs of maunds will be the normal consumption. May I know how that average has been made up?

The Honourable Sir Basil Blackett: That is an average taken from the statistics of the last fifteen years, and it reminds me of a point with reference to some things that Mr. Pilcher said. He was under the misapprehension that 495 lakhs of maunds includes salt imported from abroad. So his statement in regard to the quantity of salt consumed and the burden of the salt tax on the country was overstated throughout by something like a fifth owing to that quite natural mistake in understanding the intention of the figure.

Mr. C. Duraiswami Aiyangar: One other question, Sir. In the same paragraph you have stated that the actual issues for 1923-24 are expected to amount to about 380 lakhs of maunds. That was your estimate. If you had calculated the total revenue on that at Rs. 2-8-0, would it not have given 9½ crores instead of 8½ crores?

The Honourable Sir Basil Blackett: The full explanation of our salt figures is given in the Explanatory Memorandum. I think the Honourable Member has left out of account the question of credit sales.

Sir, I want to go back for a moment, if I may, to the general point. The House has before it the Budget for 1924-25. It has before it the choice of at least two alternatives. The House has with some appearance of unanimity said hitherto that it would vote for the tax at Rs. 1-4-0, not because any one whom I have heard speak suggests that the burden of a higher tax would be even a heavy one for anybody, but on political grounds, on grounds of sentiment and on historical grounds, and also because of the Government action last year and the year before, and because to vote for the higher tax would mean to vote for something which would please the Government. Now, I do appeal to this House to consider this matter from a national point of view. If we are going to develop the patrimony of India, we in this Assembly and the Provincial Councils need money for the purpose. Something can eventually be found by retrenchment of military expenditure; something can be found gradually by an increased yield from our existing sources of revenue. But in the meanwhile all the services which exist for the purpose of the development of India will be starved if we approach this subject from any other standpoint than from the standpoint of the financial and economic interests of India as a whole.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 8th March, 1924.

APPENDIX.*

Statement showing the number of assessee and collection of income-tax under various grades of income (excluding Companies, registered firms and interest on securities) in India during the year 1922-23.

Serial No.	Grades of Income.		Number of assessee.	Collections of income-tax.
	Rs.	Rs.		
I	2,000	to 2,499	69,804	37,55,954
II	2,500	" 2,999	34,156	34,56,552
III	3,000	" 3,499	27,847	24,12,408
IV	3,500	" 4,999	44,658	48,30,420
V	5,000	" 7,499	37,873	69,97,287
VI	7,500	" 9,999	19,019	50,47,324
VII	10,000	" 12,499	12,276	58,57,509
VIII	12,500	" 14,999	5,777	35,25,518
IX	15,000	" 19,999	7,219	56,60,047
X	20,000	" 24,999	3,947	49,12,086
XI	25,000	" 29,999	2,319	34,55,232
XII	30,000	" 39,999	2,124	46,33,276
XIII	40,000	" 49,999	1,010	29,91,903
XIV	50,000 and over		2,035	1,45,09,361
	Unclassified		762	4,59,088
	TOTAL		2,70,856	7,24,04,940

Statement showing the number of assessee and collections of income-tax under various grade of income (excluding Companies, registered firms and interest on securities) in India during the year 1922-23.

Grades of incomes.		Number of assessee.	Collections of income-tax.
Rs.	Rs.		
2,000	to 2,999	1,03,960	72,12,506
3,000	" 4,999	72,505	72,43,823
5,000	" 9,999	56,892	1,20,44,611
10,000	" 19,999	25,272	1,50,43,074
20,000	" 29,999	6,266	82,67,318
30,000 and over		5,199	2,21,34,540
Unclassified		762	4,59,088
TOTAL		2,70,856	7,24,04,940

* Vide page 1266 of these Debates.

Statement showing the gross collections of income-tax ring 1922-23.

Government salaries.	Other salaries.	Total salaries.	Government securities.	Other securities.	Total securities.	Companies.	Registered firms.	Hindu undivided families.	Other incomes.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,36,58,424	1,01,00,239	2,37,58,663	42,16,440	19,43,706	61,60,146	5,35,11,760	74,70,036	58,31,909	4,53,14,901	14,29,47,417

Mr. M. E. Makan * (Bombay Northern Division: Muhammadan Rural) :

جناب عالی

مجھے افسوس ہی کہ میں انگریزی زبان سے ناواقف ہوں اسلئے میں آپ سے درخواست کرنا ہوں کہ آپ مجھکو اس ملک کی دیسی زبان میں تقریر کرنے کی اجازت دیں -

جناب عالی - بجٹ کی تفصیل سے کسی شخص کو انفاق ہو یا نہو لیکن جس قابلیت اور محنت سے اوپریبل فائلنس ممبر صاحب نے بجٹ کو تیار کیا ہی اس کی تعریف کئے بغیر میں نہیں رہ سکتا -

اگرچہ بجٹ میں آمدنی و خرچ دونوں کو برابر کرنے کی اوپریبل فائلنس ممبر نے بہت کوشش کی ہی لیکن ایک کاروباری آدمی کی نظر سے جب میں بجٹ کو دیکھتا ہوں تو میں خیال کرتا ہوں کہ خرچ پھر بھی آمدنی سے زیادہ ہی - کوئی کاروباری فرضی اور غیر مستقل آمدنی کی امید پر خرچ کا چٹھا نہیں بناسکتا - جو کوئی فرضی آمدنی کے بھرت پر زیادہ خرچ کرتا ہی - اوسکو ایک نہ ایک روز بہت نقصان اونھانے کا اندیشہ رہتا ہی -

مجھے افسوس اس بات کا ہی کہ اوپریبل فائلنس ممبر صاحب ہندوستان کی غریب رعایا پر سے کوئی ٹیکس دور نہیں کرسکے - جب تک خرچ میں اور زیادہ کفایت نہ کیجاگی ٹیکسوں میں کمی نہیں ہوسکتی - ہندوستان کی غریب رعایا ٹیکسوں کے بوجھ سے دیی جاتی ہی - لاکھوں آدمی ہمارے ملک میں ایسے ہیں جن کو چوبیس گھنٹوں میں ایک مرتبہ کھانا نصیب ہوتا ہی اور لاکھوں ایسے بھی ہیں جنکے بدن پر سوائے چٹھروں کے کچھ نظر نہیں آتا - ایسے ملک کے واسطے ایک سو کورڑ روپے سے زیادہ خرچ کا بجٹ پیش کرنا زیادہ تعجب کی بات ہی -

فوج پر جو ۶۰ کورڑ سے زیادہ خرچ کیا جاتا ہی - وہ ملک کی آمدنی سے بہت زیادہ ہی - ہندوستان کے آدمیوں کے پاس تو ہتھیار تک نہیں - نہ انکو لوٹا آتا ہی اور دوسرے ملک سے بھی کوئی لڑائی کا اندیشہ نہیں ہی - ایسی حالت میں فوج پر ۶۳ کورڑ سے زیادہ روپیہ خرچ کرنا سراسر ملک پر فضول بار ڈالنا ہی -

وزیرستان اور دوسرے سرحدی مقامات کو قبضے میں رکھنے کی کوشش سے فوج پر اتنا زہریلے خرچ کرنا ہوتا ہے۔ اگر یہ مقامات جسے کسی قسم کی آمدنی نہ تو ہوتی ہے اور نہ آئندہ ہونے کی امید ہے افغانستان کی گورنمنٹ کو دے دئے جائیں تو ہمیشہ کا جھگڑا ختم ہو جائے۔ اور فوجی خرچ آدھے سے بھی کم ہو جائے۔

مجھے اس بات سے خوشی نہیں ہوئی کہ پٹرول کا محصول کم کیا گیا ہے۔ اس لئے کہ پٹرول صرف امیر آدمیوں کے استعمال میں آتا ہے۔ اور غریبوں کو سستا ہونے سے کچھ فائدہ نہیں ہوگا اس کے بجائے اگر کپڑے پر سے محصول کم کیا جاتا یا نمک کا محصول بالکل معاف کر دیا جاتا تو صحیح زیادہ خوشی حاصل ہوتی۔ اب میں چاہتا ہوں کہ نمک کا محصول سوا زہریلے کی شرح سے کر دیا جائے۔ اور جن روپیوں کی بجٹ سے ہر وہ سوائل اس کام کے کسی اور کام میں نہ لگائے جائیں۔

اگر گورنمنٹ کو ضرورت ہو تو میری یہ رائے ہے کہ افیم اور مسکرات پر محصول اور کچھ زیادہ بڑھا دیا جائے تاکہ نمک کا محصول معاف کر دیا جائے۔ اسلئے کہ نمک آدمیوں اور جانوروں سب کے استعمال میں آتا ہے اور موقع پر بطور ”بھاد“ کے بھی کاشتکاری کے کام میں استعمال ہوتا ہے۔

میں افسوس کے ساتھ دیکھتا ہوں کہ تجارت کا کام بہت مدت سے مدہم ہو رہا ہے جن ٹیکسوں کی وجہ سے ملکی تجارت کو نقصان پہنچ رہا ہے انپر سے ایک دم محصول دور کرنے کی ضرورت ہے۔

ملک میں تمام شورش اور جوش زیادہ تر بیکاری اور افلاس کی وجہ سے ہے۔ گورنمنٹ کا سب سے بڑا فرض بیکاروں کو کام سے لگانا اور افلاس کو دور کرنا ہے۔ اسلئے اس بات کی ضرورت ہے کہ فوج میں اور دوسرے صیغوں میں بجائے انگریزوں کے ہندوستان کے آدمی لگائے جائیں۔

گورنمنٹ کی قوت اور وقعت رعایا کے دلنکو ہاتھ میں لہنے سے ہوتی ہے نہ کہ توپ اور ہوائی جہاز کے ذریعہ سے۔ اگر برٹش گورنمنٹ اپنی قوت اور نیک نامی چاہتی ہے تو اسے چاہئے کہ لوگوں کو دلوں کو ہاتھ میں لے۔ اور جلد سے جلد انکی بیچینی اور بیکاری دور کرے۔

ENGLISH TRANSLATION.*

Mr. M. E. Makan (Bombay Northern Division: Muhammadan Rural) :
Sir, I very much regret for my ignorance of the English language, and therefore beg you to allow me to deliver my speech in the language of the land.

Sir, whether any person approves of the details of the Budget or does not, I, personally, cannot refrain from commending the laudable labour and effort, with which the Honourable the Finance Member has prepared the Budget.

The Finance Member has endeavoured to do his best to bring the income and the expenditure to an equilibrium; but if we survey the situation from the standpoint of a business man, we find that the expenditure still exceeds the income. No businessman, on merely imaginary and fluctuating income, can prepare his Budget for expenditure: and a person who, relying upon such an income, indulges in an expenditure that is in excess of his income, is ever exposed to some extreme form of embarrassment.

The most regrettable feature of the Budget is that the Honourable Member has not been able to relieve the poor subjects of India from any of the taxes: unless and until some economy is observed in the expenditure, no reduction can be brought about in the taxes; in fact the poor subjects of India are being crushed under the heavy pressure of taxation. There are hundreds of thousands of people in our country, who, in the course of twenty-four hours, are hardly able to find a single meal, and their bodies, if covered at all, are covered with rags. The introduction of a Budget proposing an expenditure of over hundred crores of rupees, for a country labouring under such miseries, is really amazing.

Taking into consideration the income of the country, the outlay of more than Rs. 60,00,00,000 over the Army is much too high. The Indians, in general, do not possess any arms, neither are they trained in the art of warfare; at the same time there is no apprehension of India being involved in a war with any foreign country: in these circumstances it appears to be extravagant to spend over sixty-three crores of rupees for the maintenance of the Army, and it is actually overburdening the nation without any real advantage in exchange.

This large amount is spent over the Army, because we are endeavouring to hold Waziristan and other Frontier districts in our possession. If this territory, from which we enjoy no present revenue, and where there is no prospect of obtaining any in the future, is handed over to the Government of Afghanistan, the doors against the perpetual source of trouble would be closed for ever, and the military expenditure would be reduced to less than half of the present charges on that score.

It has not afforded me any pleasure to find that a certain portion of the tax has been taken away from petrol, for the obvious reason that it is consumed by the rich, and the poor would not derive any benefit whatsoever. If, in place of it, the tax on piece-goods were reduced, or the additional tax on salt were entirely remitted, it would have been a happier alteration. Now, I desire that the Salt Tax should be fixed at the rate of Re. 1-4-0, and the surplus money should be devoted to this cause and no other.

* Vide p. 1218 of Legislative Assembly Debates, Volume IV.

In case the Government realises the necessity for raising some extra money, I am of opinion that the tax on opium and other intoxicants should be enhanced to enable the remission of the Salt Tax. Salt is a commodity used both by man and animals, and sometimes it serves the purpose of manure as well.

It is really distressing to note that Indian trade has long been subjected to depression; and it is highly important that the taxes injurious to it should be abolished at once.

The sole cause of disturbances and agitation in India appears to lie in unemployment and poverty: the first duty of the Government at present should be to endeavour to get employment for the unemployed and to remove poverty. Therefore, it is incumbent upon them to Indianise the Army and other departments with still greater rapidity.

The strength and prowess of a Government consist in gaining the goodwill of its subjects, and not in guns and air-ships. If the british Government desire to establish their power and prestige, they should make an effort to win over the true devotion of the people, and to remove the discontented and agitated feelings at the earliest opportunity.