

17th March, 1925

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

—
SECOND SESSION
OF THE
SECOND LEGISLATIVE ASSEMBLY, 1925



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CONTENTS—*contd.*

	PAGES.
Tuesday, 17th March, 1925—	
Member Sworn	2480
Questions and Answers	2489-91
Unstarred Questions and Answers	2491-93
Death of Khan Bahadur M. Shams-uz-Zoha	2494-95
Motion for Adjournment	2495-99
Non-recurrent Grants out of the Surplus of 1925-26 to Bombay, Burma, the Central Provinces and Assam	2499-2501
The Indian Finance Bill—Considered and Debate adjourned...	2501-73
Wednesday, 18th March, 1925—	
Questions and Answers	2575-82
Statements laid on the Table... ..	2583-84
The Indian Finance Bill—Further Considered and Passed	2584-2630
The Succession Certificate (Amendment) Bill—Referred to Joint Committee	2631-33
The Indian Tariff (Amendment) Bill—Considered and Passed...	2633-44
The Prisons (Amendment) Bill—Amendment made by the Council of State agreed to... ..	2644-45
The Indian Stamp (Amendment) Bill—Introduced, Considered and Passed	2645
The Indian Income-tax (Second Amendment) Bill—Considered and Passed	2645-46
Thursday, 19th March, 1925—	
Statement of Business	2647-48
The Special Laws Repeal Bill—Passed, as amended	2648-2709
The Indian Penal Code (Amendment) Bill (Amendment of Section 375)—Motion for taking into consideration adopted...	2709-13
Saturday, 21st March, 1925—	
Members Sworn	2715
Death of the Marquess Curzon	2715-16
Message from the Council of State	2716
The Indian Finance Bill—Amendment made by the Council of State adopted	2716-35
The Indian Cotton Cess (Amendment) Bill—Introduced, Considered and Passed	2735-36
The Indian Trade Unions Bill—Appointment of Mr. A. G. Clow to the Select Committee	2736
Resolution <i>re</i> Provincial Contributions—Adopted, as amended.	2736-71
Monday, 23rd March, 1925—	
Questions and Answers	2773-2801
Unstarred Questions and Answers	2801
Appreciation of the Members of the Legislative Assembly of the Arrangements made for Aeroplane Flights, etc.	2802-03
The Bengal Criminal Law Amendment (Supplementary) Bill— Introduced and Considered	2803-23
The Indian Penal Code (Amendment) Bill—(Amendment of Section 375)—Further Considered	2823-52

LEGISLATIVE ASSEMBLY.

Tuesday, 17th March, 1925.

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

MEMBER SWORN:

Mr. Denys deSaumarez Bray, C.S.I., C.I.E., C.B.E., M.L.A.
(Foreign Secretary).

QUESTIONS AND ANSWERS.

SEPARATION OF AUDIT FROM ACCOUNTS.

1205. ***Mr. E. F. Sykes:** Referring to paragraph 28 of Vol. IV, No. 3, page 147 of their proceedings in which the Standing Finance Committee agreed to the provision of Rs. 1,43,882 for four experiments in the separation of audit from accounts, will the Government kindly say what the annual cost of the total separation of audit from accounts in all branches, including railways, is estimated to be?

The Honourable Sir Basil Blackett: It is impossible, at the present stage, to give an estimate which would be of any real value.

EMBARGO ON THE EXPORT OF WHEAT AND OTHER FOOD GRAINS.

1206. ***Mr. S. Sadiq Hasan:** (a) Are the Government aware of the fact that the prices of wheat and grains have considerably increased during the last few months?

(b) Are the Government aware of the fact that the prices of wheat and grains at the harvest time of 1925 are much higher than the prices ruling at the same time of 1924?

(c) Are the Government also aware of the fact that the export of wheat and other grains is nearly twice as much in 1924-25 as it was in 1923-24?

(d) If the answers to (a), (b), (c) are in the affirmative, are the Government prepared to consider the question of placing an embargo on the export of wheat and grains to foreign countries?

Mr. J. W. Bhore: (a) The price of wheat has risen since January but rice which is the other important food grain has fallen in price during the same period.

(b) Yes so far as any rate as wheat and rice are concerned.

(c) The Honourable Member's information is incorrect. The actual figures of export are:

	Wheat.	Rice.
	Tons.	Tons.
April to last week of February 1923-24	636,912	2,206,921
Ditto ditto 1924-25	956,296	1,710,860

It will be seen that while export of wheat has increased by a little over 300,000 tons, export of rice has diminished by close upon 500,000 tons.

(d) Government do not consider that there is any justification in present circumstances for considering the question of an embargo on the export of foodstuffs.

Mr. Devaki Prasad Sinha: Will the Government be pleased to state whether or not a lowering of the rate of exchange from 1s. 6d. to 1s. 4d. will give a stimulus to the export of wheat and bring about a consequent rise in the price of wheat?

Mr. J. W. Bhore: That, Sir, is a question which should be addressed to the Honourable the Finance Member.

Mr. Devaki Prasad Sinha: I am addressing it to the Government and I want an answer.

The Honourable Sir Basil Blackett: I do not think question time is the time for a long explanation. I think if exchange were lowered to 1s. 4d. the price of wheat would go up in consequence.

Mr. Devaki Prasad Sinha: Will the Government take into consideration the effect on the rise in price of wheat and other food grains before they accept any proposal for lowering the rate of exchange from 1s. 6d. to 1s. 4d.?

The Honourable Sir Basil Blackett: I have no doubt Government will take all relevant facts fully into consideration.

INTERNATIONAL COMPETITION IN CONNECTION WITH THE ERECTION OF A NEW CONFERENCE HALL AT GENEVA.

1207. ***Mr. B. Das:** (a) Will Government be pleased to state whether they have received from the office of the League of Nations at Geneva copy or copies of the programme of the competition for the selection of a plan for a Conference Hall forwarded for the architects who are nationals of States members of the League of Nations?

(b) If they have not, will they, when they do receive the copies, place them on the table for the information of the House and also publish them for the information of the public?

(c) Will Government be pleased to state whether the international jury, consisting of architects, that will judge the designs submitted for competition, is adequately represented in regard to the interests of architects in India?

Mr. L. Graham: (a) Not yet.

(b) The Director of Public Information has already been asked to give general publicity to an announcement that copies of the programme will be supplied free of charge to *bona fide* competitors on application. The

League is charging 20 francs for the supply of copies of the programme to persons other than *bona fide* competitors and the publication of the programme, whether in the proceedings of this House or otherwise, would defeat the object of the League in imposing this charge.

(c) The International Jury is composed of six architects one each from Austria, Belgium, France, Great Britain, Italy and Switzerland. In the event of the Jury being equally divided or likely to be evenly divided or of any representative being absent one of two substitutes, previously appointed from nationalities not already represented on the Jury, may be added. Separate representation on the Jury of every member of the League would manifestly be impracticable and the Government of India have no doubt that the Jury will prove itself an entirely impartial body.

REOPENING OF THE POST OFFICE AT MILAN.

1208. ***Maulvi Muhammad Yakub:** (a) Are the Government aware that the post office at Milan in the district of Almora, which was opened in July 1924 was closed after an experiment of only two or three months, on the plea that work at Milan did not justify the opening of a post office there?

(b) Are the Government prepared to consider the matter and to issue orders for the reopening of the post office at Milan and give it an experiment of at least full one year?

Sir Geoffrey Clarke: (a) and (b). The Honourable Member is referred to the reply given to Mr. C. S. Ranga Iyer's unstarred question No. 72 on the 2nd February, 1925.

UNSTARRED QUESTIONS AND ANSWERS.

RAILWAY ACCIDENT BETWEEN HOTWALA AND SAMASATA STATIONS ON THE NORTH-WESTERN RAILWAY.

256. **Shalkh-e-Chatgam Maulvi Muhammad Kazim Ali:** (a) Are the Government aware of the terrible accident which occurred on the North Western Railway between Hotwala and Samasata stations on Saturday the 21st February 1925?

(b) If so, whether the Government have duly inquired into the cause of the accident?

(c) If the answer to (b) is in the affirmative, will the Government be pleased to state who is or are really responsible for this accident?

(d) Did the motor car conveying 100 gallons of petrol from Bahawalpur really force a passage over the level crossing in front of the advancing passenger train?

(e) Is it a fact that the gates at the crossing were not closed? And if not, why not?

(f) Were there no doors at this gate for closing and who is responsible for this?

The Honourable Sir Charles Innes: (a) Yes.

(b) An inquiry is being held.

(c), (d), (e) and (f). Complete information is not yet available, as the proceedings of the official inquiry have not been received. The facts so far as Government are at present aware, are as follows:

At about 16 hours on 21st February 1925, No. 29 Up Passenger train collided at the level crossing at mile 8/10 (from Samasata) with a motor

lorry belonging to Bahawalpur State. This crossing is not fitted with gates but with chains, which were at the time of the accident correctly fixed, so as to bar the passage of road vehicles. The motor lorry apparently approached the crossing at great speed and burst the first chain, but was stopped by the second, thereby obstructing the line and causing the collision.

CASE OF MUNSHI GOLAM KADER AHMED, SUB-POSTMASTER, ANDERKILLA, CHITTAGONG.

257. **Sheikh-e-Chatgam Maulvi Muhammad Kazim Ali:** (a) Will the Government be pleased to state the dates when Munshi Golam Kader Ahmed, Sub-Postmaster, Anderkilla, Chittagong, and the present officiating Assistant Postmaster of the Chittagong Head Office, entered the Postal Department?

(b) Who is senior between these two officers?

(c) If Munshi Golam Kader Ahmed is senior why was his claim overlooked while both these officers were in the same office at the time of selection and he was not allowed to act in the selection grade as the Assistant Postmaster of the Chittagong Head Office?

(d) Is the preferential treatment of the present incumbent owing to some special qualifications of his or due to any fault of Munshi Golam Kader Ahmed?

(e) Are the Government prepared to enquire whether any injustice has really been done to Munshi Golam Kader Ahmed?

The Honourable Sir Bhupendra Nath Mitra: Government have no information. If the individual referred to has any grievance he is at liberty to appeal in the usual manner.

PROPER LIGHTING OF THE CHITTAGONG STATION ON THE ASSAM BENGAL RAILWAY.

258. **Sheikh-e-Chatgam Maulvi Muhammad Kazim Ali:** (a) Are the Government aware that the Calcutta Mail leaves Chittagong station at 8.45 P.M. (standard) and the lights in the mail train are not lighted before 8 P.M. (standard)?

(b) Is it a fact that the Postmaster, Chittagong, has drawn the attention of the Assam Bengal Railway authorities through the proper channel to remove this grievance at a very early date as the mail clerk who carries the mail to the railway station feels much inconvenience and has to wait till 8 P.M. as the R. M. S. officer cannot take charge of the mail bags for want of light?

(c) Is it not a fact that poor third and intermediate class Indian passengers, including women and children, suffer great inconvenience to enter and arrange proper accommodation for themselves in the dark compartments?

(d) Do the Government propose to inquire and take proper measures to remedy this public grievance of the Assam Bengal Railway passengers at a very early date?

The Honourable Sir Charles Innes: (a) Yes.

(b) The Postmaster reported the matter to the railway authorities.

(c) and (d). Government consider that a period of 45 minutes allows ample time for any class of passenger to entrain, as well as for mails to be exchanged, and do not, therefore, propose to take any action.

DELAY IN THE DELIVERY OF A LETTER WRITTEN BY MOULVI SYED AMIR HOSSAIN OF GARDEN REACH, CALCUTTA, TO HIS BROTHER AT MUZAFFARPUR.

259. **Shaikh-e-Chatgam Maulvi Muhammad Kazim Ali:** Has the attention of the Government been drawn to the complaint of Moulvi Syed Amir Hossain of Garden Reach (Matiaburj), Calcutta, published in the *Forward* of 16th December, 1924, about the delivery of a letter on the 23rd November 1924, which he had written to his brother at Muzaffarpur on the 22nd of November 1923? If so, do the Government propose to inquire and explain the delay?

Sir Geoffrey Clarke: The attention of the Honourable Member is invited to the reply given by me on the 27th January 1925, to starred question No. 941, asked by Khan Bahadur Sarfaraz Hussain Khan.

THE TATA IRON AND STEEL WORKS.

260. **Mr. W. S. J. Willson:** Will Government be pleased to lay on the table a statement regarding the Tata Iron and Steel Works, as far as possible in the following form for the years 1913-14 to 1923-24:

Year.	Nature of concession.	BOUNTIES PAID OR ESTIMATED		Total for the year. Equal to a Dividend on the Deferred shares of per cent.	DIVIDEND PAID BY THE COMPANY		Total amount paid out on dividends on all shares excluding debentures.	Amount placed to reserve fund.	Amount set aside for depreciation, etc.	Estimated proportion of costs of Tariff Board attributable to its labours on the steel and allied industries.	Estimated cost to Government of Special Session of the Assembly.	Estimated cost to the Tax-payer.
		To Tata.	To Subsidiary Companies.		Ordinary shares of Rs. 75.	Deferred shares of Rs. 30.						
1918-14	Undertaking to purchase rails at an agreed price if in excess of imported price, etc.											
1914-15	.....										
1915-16	.....										
1916-17	.....										
1917-18	.....										
1918-19	.....										
1919-20	.....										
1920-21	.....										
1921-22	.....										
	1922-23	.....									
	1923-24	.....									
	Cost of special Simla Session.											
	Subsequent Meeting of Tariff Board.											
	Bounties estimated.											
	Additional burden of taxation by higher tariff.											

The Honourable Sir Charles Innes: The information is being collected and the statement will be furnished to the Honourable Member in due course.

DEATH OF KHAN BAHADUR M. SHAMS-UZ-ZOHA.

***Maulvi Abul Kasem** (Bengal: Nominated Non-Official): Sir, it is my mournful duty to inform the House of the sad news of the death of one of our colleagues, Khan Bahadur Shams-uz-Zoha, of which news was received yesterday afternoon. The Khan Bahadur was one of the leading Mussalmans of my province, and especially of the Burdwan Division, from which I come. Unfortunately, since his election to this House, he has been in indifferent health and could not therefore take that active part in its deliberations as was expected of him. But he had a very good record of public service in his own district and in the province, and he had the unique honour of being elected to this House unopposed at the last election. He was for very many years associated with local self-government in Birbhum, the district to which he belonged, and his services were recognised and appreciated both by the public and by the Government. I hope, Sir, that you will kindly convey to his family and other relatives the sense of the sorrow we feel at his sudden death. He was here only last week amongst us, and on his return home he expired on Sunday afternoon.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I beg to associate myself with all that has fallen from my Honourable colleague Maulvi Abul Kasem. I also happen to come from the same division as that which the Honourable Khan Bahadur represented, namely, the division of Burdwan. I also had the pleasure of knowing him for a long time, and although we worshipped in different temples in politics, still I knew him as a true Mussalman whom every one of us used to respect, and on behalf of my Hindu colleagues I beg to convey our deep sense of regret at his untimely death. The cruel hand of death has cut off a very useful career just in the prime of life. I request you to convey our deep sense of regret to the bereaved family.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I fully associate myself with the remarks which have fallen from my friend Maulvi Abul Kasem. I did not know Khan Bahadur Shams-uz-Zoha from before, but from what I have seen of him, in the Assembly, I can say that he took a very keen interest in the business of the House and though quiet worked with thoroughness and efficiency. With these remarks, I request the President to convey the sense of regret of this House to his family.

The Honourable Sir Alexander Muddiman (Home Member): Sir, on behalf of these Benches I desire to associate myself with the expressions of regret which have fallen from my old friend Maulvi Abul Kasem and other Honourable Members of this House. Our late colleague had a further claim on me personally in that he came from my own old Province, and I desire to join in expressing our sorrow to his relatives in the manner which has already been advocated by other Members of the House. I was not honoured with the personal acquaintance of our deceased friend, but I have always understood that he was greatly respected in his own locality and indeed his merit had been recognised by the Government by the conferment of a Khan Bahadurship.

* Speech not corrected by the Honourable Member.

Sir Campbell Rhodes (Bengal: European): May I also, as one who comes from Bengal and also on behalf of my non-official European colleagues in this House, associate myself with all that has been said by my friend Maulvi Abul Kasem. Our friend was one of those unostentatious, modest workers who are the backbone of the public life of every province and I sincerely associate myself and my colleagues with all that has been said.

Mr. President: I am sure that I shall be carrying out the unanimous desire of the House when I convey to the family of our late colleague the deep sense of regret which we all feel at his death.

MOTION FOR ADJOURNMENT.

***Diwan Bahadur M. Ramachandra Rao** (Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, I beg for leave to move the adjournment of the House for the purpose of calling attention to the action of the Government of India in according sanction to the proposals of the Government of Burma for the imposition of a tax on sea passengers. From the Rangoon papers received this morning it will be seen that the Government of Burma has introduced a Bill for the imposition of a tax of Rs. 5 on all arrivals by sea into Burma. That, Sir, affects the question of migration, more specially from the northern districts of the province of Madras. The object of the Bill is either to discourage immigration into the province or to levy an impost upon labour which comes into the province from the districts opposite. I contend that the subject is a subject relating to emigration; and under the Devolution Rules, entry No. 29 in Schedule 1—"Emigration from, and immigration into, British India and inter-provincial migration"—is a central subject. The permission which has been granted is therefore either administrative or statutory. Apart from this there is also the question of the effects. Under the Devolution Rules no tax can be imposed by a Provincial Government excepting those mentioned in the Schedule—and this is not a scheduled tax—unless with the sanction of the Governor General. Therefore this must have received the approval of the Government of India or of the Governor General; and in either case I am entitled to raise the question of the action of the Government of India with regard to this measure and its serious consequences and implications. That is the reason I intend to move the adjournment of the House in these circumstances.

Mr. President: I understand from the Honourable Member that this is a subject in which the previous sanction of the Governor General is required before legislation can be introduced in the local Legislative Council; but that, it being a Bill relating to a subject in which the Governor General in Council is concerned, the previous sanction of the Governor General in Council is also required. My difficulty is that I am not quite sure that I understand where the Governor General in Council comes into this matter. The previous assent of the *Governor General* is required in a matter of this kind; but we are here only concerned with the action of the *Governor General in Council*.

Diwan Bahadur M. Ramachandra Rao: My submission is this. The administrative sanction to these proposals must have been given by the Governor General in Council, because it is a subject relating to emigration. My motion does not refer to the statutory action in sanctioning the

* Speech not corrected by the Honourable Member.

[Diwan Bahadur M. Ramachandra Rao.]

Bill. It refers more to the administrative sanction of the Governor General in Council in regard to inter-provincial migration on which this Bill before the Burma Council has a bearing. In these circumstances I contend, Sir, that the Governor General in Council has to deal with the subject of inter-provincial emigration, apart from the question of statutory sanction required from the Governor General for the introduction of the measure.

Mr. President: Is the Honourable Member referring to action taken by the Governor General in Council in relation to a subject in which they have overriding powers over the Local Government?

Diwan Bahadur M. Ramachandra Rao: Yes.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I think the Honourable Member is not entitled to move the adjournment of the House for reasons which I will state very briefly. The statutory control over the local Legislatures is contained in section 80-A of the Government of India Act. I will not trouble you, Sir, with the irrelevant portion of that section. The point in issue is in sub-section (3) of the section in question which lays down:

“ The local Legislature of any Province may not without the previous sanction of the Governor General make or take into consideration any law (a) imposing or authorising the imposition of any new tax unless the tax is a tax scheduled as exempted from this provision by rules made under the Act.”

Now, in accordance with that section certain rules have been made which are known as the Scheduled Taxes Rules. The particular tax to which my Honourable friend has referred is not a tax mentioned in these Schedules and therefore the local Legislature cannot introduce a Bill, for that is what I understand has been done, without the previous sanction of the Governor General. Now, Sir, that sanction is a sanction within his personal discretion. The Governor General in Council is neither required to give that sanction nor can he prevent the giving of that sanction. Therefore I submit my Honourable friend is debarred from moving the adjournment of the House by rule 12 of our rules which says the motion must not deal with a matter on which a Resolution could not be moved. My Honourable friend could not have moved a Resolution, and therefore I submit to your better judgment that he cannot move the adjournment.

Mr. President: I am inclined to take that view myself, but the Honourable Member from Madras said it was a matter in which an administrative decision by the Governor General in Council had to be taken in order to enable the Government of Burma to take up the matter at all. It is not only a matter of the introduction of a Bill dealing with a matter requiring the sanction of the Governor General; I understand the Honourable Member suggested that before the Government of Burma could make proposals of any kind, not necessarily in the form of a Bill, they had to receive the assent of the Governor General in Council. If that is so, then it will be in order. If, on the other hand, it refers only to the assent of the Governor General to the introduction of the Bill, that will not be in order. Therefore I should like to know from the Government whether any action of this kind has been taken by them in relation to the proposals made by the Government of Burma.

The Honourable Sir Basil Blackett: No, Sir, it has not.

Diwan Bahadur M. Ramachandra Rao: Sir, the point that I wish to raise is this—whether before the Governor General sanctioned this measure for introduction in the Burma Legislative Council, the Government of India had no proposals from the Government of Burma administratively for the purpose of imposing this tax at all.

The Honourable Sir Charles Innes (Commerce Member): Yes.

Diwan Bahadur M. Ramachandra Rao: I still contend, Sir, that even then the action of the Government of Burma can be discussed by a motion of this House, because it deals in effect with the subject of inter-provincial migration between province and province. I do not know, Sir, whether even His Excellency the Viceroy's sanction to a legislative proposal can take away the power of this Legislature to deal with questions of inter-provincial migration or affect the powers of the Government of India on a central subject. This is really in a sense the subject of inter-provincial migration; it affects the migration to Burma of the residents of the Madras Presidency by sea, and I contend, Sir, that this is a subject reserved for the Central Government. In these circumstances, I contend, Sir, that I am entitled, even though His Excellency gives sanction for legislative measures affecting this subject in Burma, to raise this subject by way of a motion in this House.

• **Mr. President:** The Honourable Member is not entitled to raise it in order to discuss the action of the Governor General. Any action taken by the Governor General apart from the Government of which he is the head—these are the words that appear in the rule—is outside the scope of debate in this House. Where the Government of India have any responsibility in the matter then immediately it is brought within the scope of this House. The Governor General, in the discharge of any of his functions or in the exercise of any of his powers as Governor General, and not as Governor General in Council, cannot be brought into debate in this House.

Diwan Bahadur M. Ramachandra Rao: May I submit, Sir, that even supposing the Government of India were not asked for administrative sanction, the effect of such a measure as introduced affects this subject, a central subject, namely, inter-provincial migration, with the administration of which the Government of India is charged; the fact that they were not consulted does not make any difference for the purpose of debate in this House.

Mr. President: I am not suggesting that the subject itself cannot be raised; my ruling is that the occasion which he has taken for discussing it is a wrong occasion. The actual subject of inter-provincial migration, as far as I can judge, is a subject which would be perfectly in order for discussion in this House; but as I say the point taken by the Honourable Member is not a point that I can uphold.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): Sir, the point of view I wish to suggest to you and to the members of Government is this: Is it or is it not the primary duty of the Governor General in Council to see that no restrictions are placed in the matter of emigration or immigration of the subjects of His Majesty in:

[Sir Hari Singh Gour.]

India? We are not here concerned with what action the Governor General may take or has taken; but we here are concerned, so far as I understand Diwan Bahadur Ramachandra Rao to raise the question, with the right of a British subject in India to emigrate to Burma or to South Africa and to other places; and I submit as looked at from that point of view it is the primary duty of the Governor General in Council to protect the citizenship rights of the people of India. If therefore there has been any violation of that right or threatened infraction of that right, it is the duty of this House to call the attention of the Governor General in Council to it. The fact that some accidental step may have been taken by an authority outside the jurisdiction of this Assembly does not matter; but so far as and so long as the Governor General in Council is bound to protect the interests and rights of the people of this country, this House has the authority and the power to move the Governor General in Council to take such steps as are necessary to vindicate and safeguard the rights of the people of this country.

Mr. President: The Honourable Member is quite right in saying that this House ought to use its powers to move the Governor General in Council to protect the rights of the subjects of His Majesty in India; but this is not the occasion. The issue at this moment is much narrower, whether this House can discuss on a motion for adjournment the action of the Governor General in giving his assent to a certain measure introduced in a local Legislative Council, and I have to rule with regard to this matter put forward by my Honourable friend, Mr. Ramachandra Rao, that it is not in order here.

Diwan Bahadur M. Ramachandra Rao: May I amend my motion, Sir, in order to bring it within the rule? My amendment is this:

"That the House do adjourn for the purpose of calling attention to the failure of the Government of India to object to the proposals of the Government of Burma for the imposition of a tax on sea passengers."

That leaves the Governor General outside the scope of this motion. The Government of India ought to have objected to the proposals of the Burma Government for the imposition of this tax, seeing this is a central subject; their policy could therefore certainly be a matter of debate in this House.

Mr. President: I am not aware that the Governor General in Council has failed in that respect. What has happened, so far as I understand it, is that the Governor General has given his assent to the proposition that a certain Bill be discussed in the local Legislative Council. It does not follow that thereby the Government of India have said their last word in the matter. The Government of India will no doubt have further opportunities to raise the matter with the Government of Burma, if they should so desire; and when these opportunities are taken by the Government of India, then this House will have its opportunity of saying whether the Government of India have acted rightly or not; but the Honourable Member by amending his motion cannot bring this particular matter in order.

Diwan Bahadur M. Ramachandra Rao: Up to date I contend, Sir, that the Government of India have failed to discharge their duty in regard to a central subject by not specifically objecting to the proposals made by the Government of Burma; and in that way I am entitled, Sir, to call the attention of this House to their failure up to date in not objecting to

[Diwan Bahadur M. Ramachandra Rao.]

this specific proposal made by the Government of Burma, and therefore I think my motion to direct the attention of this House to this failure of the Government of India cannot be objected to.

Mr. C. Duraiswami Aiyangar: May I know, Sir, whether this question can be raised at the time of the passing of the Finance Bill to-day?

Mr. President: The Honourable Member is aware that the motion that the Finance Bill be passed gives an opportunity to review the action of the Government of India.

NON-RECURRENT GRANTS OUT OF THE SURPLUS OF 1925-26 TO BOMBAY, BURMA, THE CENTRAL PROVINCES AND ASSAM.

The Honourable Sir Basil Blackett (Finance Member): Sir, I desire with your leave and the leave of the House to make a statement on behalf of Government with regard to the Budget position. The House will remember that the Budget as introduced showed a surplus of Rs. 74 lakhs of which only 18 lakhs may be regarded as recurrent surplus. The Government have been greatly impressed by the representations made in this House as to the undesirability in present circumstances, when we are relying on contributions from the provinces, of carrying forward so large a surplus even if it is non-recurrent, and they have given most anxious thought to the question in what manner they could meet the wishes of the House without doing anything which can be regarded as financially improper. The difficulty has been that you cannot use a non-recurrent surplus in order to finance a recurrent loss of revenue. After very careful consideration and after consultation with the Secretary of State and informal consultation with the Provincial Governments the Government have decided that they will propose to this House that out of the surplus a sum of Rs. 50 lakhs should be set aside for the purpose of making non-recurrent grants in relief of the contributions of those provinces, namely, Bombay, the Central Provinces, and Assam which received no benefit from the recurrent relief in the Budget and also to Burma which gets recurrent relief only to the extent of Rs. 7 lakhs out of a total contribution of 64 lakhs. The objections to any such proposal are of course considerable. We do not want to get back to the system of doles to the Provincial Governments. At the same time the Government of India have felt that in the first year in which recurrent relief is being given under the Devolution Rules to some provinces and we have a non-recurrent surplus, the distribution of such a non-recurrent surplus might be regarded as on quite a different footing from remission of contributions under the Devolution Rules. All that is proposed, of course, is a non-recurrent reduction for one year only, and anything that is done will naturally be without prejudice to the distribution of future surpluses, whether recurrent or non-recurrent. The Government of India, therefore, propose that a non-recurrent grant should be made out of the surplus of 1925-26 of 22 lakhs to Bombay, 13 lakhs to Burma, 9 lakhs to the Central Provinces and 6 lakhs to Assam. These figures,—of course, any distribution must necessarily be somewhat arbitrary,—these figures have been arrived at after consideration, on the one hand, of the contributions paid by the Provincial

[Sir Basil Blackett.]

Governments concerned, and, on the other hand, of the non-recurrent expenditure included in the Budgets of those provinces. We have ascertained that in all cases the non-recurrent expenditure included in the provincial Budgets is greater than this sum in question, so that there is no difficulty that the provinces will be tempted to finance recurrent expenditure out of the non-recurrent grant. We have, as I say, informally consulted all the Provincial Governments. They have all of them expressed their view on the subject, most of the recipients with gratitude, the non-recipients in all cases except one, with acquiescence. The Punjab Government regards the objections as very strong and desires it to be known that it has not given its assent. I propose to circulate as soon as possible an amendment to the Resolution in order that this subject may be taken at the same time as the general Resolution, provided the House does not object on the ground of shortness of time.

Mr. Devaki Prasad Sinha (Chota Nagpur Division : Non-Muhammadian) : May I inquire, Sir, if the Honourable the Finance Member has consulted the Government of Bihar and Orissa before deciding upon this step?

The Honourable Sir Basil Blackett : Yes, Sir.

Mr. Devaki Prasad Sinha : Am I to understand, Sir, that the Honourable the Finance Member is establishing a new precedent of giving counter-contributions to those provinces for the purpose of pacifying their grievances arising from no relief being granted to them. If so, it is restoring the policy of giving doles to the different provinces

The Honourable Sir Basil Blackett : Is this the opportunity to discuss this matter? I think the opportunity for discussing it will come.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly : Non-Muhammadian Rural) : Sir, we are thankful to the Honourable the Finance Member for such bits of information as he has given us as to the state of the Budget on subsequent information. What the House would have liked to know yesterday and what it would like to know to-day is, what has happened to the cuts which have been made by this House on the Demands for Grants. So far as I recollect, Sir, on the Railway Budget, there was a sum of 87 lakhs already withdrawn by the Honourable the Commerce Member himself in consequence of his withdrawing proposals for giving effect to the Leo Commission's recommendations. There was a sum of 35 lakhs which this House cut out in regard to the money set apart on account of Stores depreciation amount, and there was also a sum of about 20 lakhs in the capital borrowing programme which the House cut out, which would in all amount to an annual recurring saving of one lakh, I want to know (Voices : "One crore and not one lakh.") I mean one lakh by way of interest on that borrowing programme. The borrowing being less, the total amount payable every year on account of that borrowing from out of the revenue will be about one lakh. Therefore, Sir, I expect that, as a result of this, the total net revenue on the Railway Budget would be a sum out of which one-third ought to go in aid of the general revenues under Part II of the Budget. Nothing was said about it before the Finance Member made his motion to consider the Finance Bill. As I said, Sir, this House is entitled to know what the Government have done with it all before they can deal with the new taxation proposals which are

embodied in the Finance Bill, and I think the House has not been treated fairly by the Honourable the Finance Member in this matter.

The Honourable Sir Basil Blackett: As regards the Railway cuts first, the cut actually made was Rs. 78,100 under Railway Board, Rs. 39,00,100 under Railway working expenses, vote four, Rs. 35 lakhs under Railway working expenses, vote five, and Rs. 20 lakhs under Railway capital expenditure. In regard to the two cuts under Railway working expenses, the House will remember that it was stated that they were made on the understanding that supplementary estimates would have to be introduced if necessary. It is obvious,—and I already stated it in the House some little time ago,—that you cannot take those cuts as representing at this stage an estimated reduction in the expenditure of the Railways for the year. The cut in regard to capital expenditure does not appreciably affect the annual Budget. So far as regards the Railways, therefore, I do not think that we can take any additional credit to the General Budget in respect of cuts which at present are in such a position that they may have to be brought back to this House in supplementary estimates.

Mr. A. Rangaswami Iyengar: That is not our view.

The Honourable Sir Basil Blackett: That was the statement I had made.

As regards the other cuts, there is a cut of Rs. 77,000 under Customs, Rs. 100 under Taxes on Income, Rs. 100 under Salt, Rs. 100 under Opium, Rs. 17 lakhs under Stamps, and Rs. 62,000 under the head of Executive Council. The Government of India have not yet taken a formal decision as to the action that they propose to take in regard to these cuts, but it is obvious that the only cut which seriously affects the Budget position is the cut of Rs. 17 lakhs under Stamps. That was made not because it was desired that the expenditure should not be incurred, but because it was proposed that the expenditure should be transferred from revenue to capital. In view of the fact that the Government of India have not had time to decide what action they will take in regard to that particular cut, there is a possible doubt, perhaps not a probable doubt, as to the size of the surplus. If that charge were to be met from capital, some part of it would of course have to be met from this year's vote, some part of it would go to increase the expenditure of future years. The surplus, therefore, stands at 74 lakhs as in the Budget, subject to some possible addition perhaps not probable, in respect of the 17 lakhs cut under head of Stamps for the Security Printing Press at Nasik.

THE INDIAN FINANCE BILL.

Mr. President: The House will now resume the consideration of the Finance Bill. There are two amendments on the paper, one to reduce the salt tax to twelve annas and the other to reduce it to eight annas. I will take the larger reduction first.

Mr. C. Duraiswami Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, I rise to move:

“That in clause 2 of the Bill, for the words ‘one rupee and four annas’, the words ‘eight annas’ be substituted.”

[Mr. C. Duraiswami Aiyangar.]

Sir, we have all along been discussing on the floor of this House statistical juggleries and somersaults. Yesterday, it was a day of laymen's paradoxes. I found my Honourable friend Mr. Jamnadas Mehta proceeding to Sir Basil Blackett with a rupee and asking for an exchange. He gave him 1s. 6d., but Mr. Mehta returned 2 shillings and came back with 1s. 4d. Sir, to-day it is the poor man that is knocking at the door of Sir Basil Blackett. It is not an economist, it is not a Jevons or a Keynes who is sending a visiting card to you but it is the poor man who is rudely knocking at your door. This poor man was yesterday sitting in a corner of the visitor's gallery and heard an eloquent speech from my friend Maulvi Abul Kasem that Honourable Members on the Government Benches were not short of hearing, nor short of understanding. He shook his head and said that there was at least one Member on the Treasury Benches who was stone-deaf and that was the Honourable Sir Charles Innes. He said two weeks ago he knocked at his door for a conveyance on the railway. He found no response and he was told that poor passengers must pay for the convenience of the rich. To-day, Sir, I knock at the door of Sir Basil Blackett, who is quietly going away. I wish, Sir, he would at least be present to say "No" rather than go away quietly without saying "Yes" or "No".

Sir, it is Professor Fawcett who said that a man's right to eat salt must be as free as his right to breathe air or to drink water. But, in this Government, Sir, he cannot have his salt. I consider, Sir, frankly speaking, that any Government which goes to a poor man when he is about to swallow his gruel with a little salt in it and tells him, "You must pay me a pice before you can drink that", if that is the policy of any Government, it is melancholy meanness. I tell you, Sir, you have no right to tax a poor man's breakfast. You may tax anything you please. But, Sir, to say that he cannot have his breakfast before paying his pice or two pice to you, I consider that, Sir, to be most unjustifiable. Sir, on the last occasion when I was moving in this Assembly for a cut, perhaps an alarming cut, in the Demand under Salt in order to press this question, I was stopped in the middle, but I proceeded so far as to satisfy this House that at least 20 lbs. per head is necessary to keep a healthy existence. I found no contradiction to it except that my Honourable friend Mr. Lloyd wanted me to give only a margin for babies. Sir, I proceed from that point and point out to you that this Government have not till this day chosen to give the poor man in India 20 lbs. of salt per head. In the year 1882 Lord Cromer made an analysis and stated that Madras was consuming 12 lbs. per head, Bombay 10 lbs., Bengal 9'16 lbs., the Punjab 7'5 lbs., the United Provinces 6 lbs., and Sind 5 lbs. That was the poor quantity of salt consumed, and he added a prayer and a pious wish that if only the salt tax was reduced the consumption would increase. (Mr. A. H. Lloyd: "When was that?") In the year 1882 when I think the salt tax was at Rs. 2. Sir, instead of that, from the year 1888 up to 1902 you kept the salt tax as high as Rs. 2-8. But, Sir, it requires no argument to convince you that, as you reduce the salt tax, the consumption increases. In the year 1902 the salt tax was Rs. 2-8 and the consumption was 3'2 crores of maunds. In 1903-4 when the salt tax was reduced to Rs. 2, the consumption rose to 3'82 and 3'97. In 1906 when the salt tax was further reduced to Rs. 1-8, the salt consumption grew to 4'11. In 1907-15, when the salt tax was further reduced to Re. 1, the consumption of salt grew

from 4.27 to 5.22. In 1916—22, when the salt tax was again raised to Rs. 1-4, the consumption came down and it was ranging from 4.41 to 5.12. In 1914 it was 5.22 and in 1921 it was 4.78, although I am sure the population was increasing. Sir, this shows conclusively that in the matter of levying salt tax you are not adopting that wholesome financial principle of raising an expanding revenue on an expanding consumption under a diminishing scale of duties.

Sir, if you compare the cost of production of salt with the tax that you levy and the price that the consumer pays, you will find that the figures are abnormal. The cost of production of one maund of salt is about one anna and a half or roughly two annas and not more. In one of your figures I found it to be 1.6 annas as the cost of the production of one maund of salt. Now, Sir, if on this cost you levy a tax of Rs. 1-4 you are levying a thousand per cent. In regard to the salt tax under the Act I know you are entitled to put even 2,400 per cent. on the cost of production of salt. If for the production of a commodity a particular cost is necessary, can the tax go to such an extent as 2,400 per cent. or even 1,000 per cent. as at present? And in the matter of the price which the consumer pays for this salt, you will find, Sir, that in 1922 in Madras the price per maund ranged from Rs. 2 to Rs. 3-4. In Bombay it was Rs. 2 to Rs. 3-8; in Bengal it was 3-1 to 4-1; in the United Provinces it was Rs. 2-8 to Rs. 3-9; in the Punjab it was Rs. 2-1 to Rs. 2-8; in Burma it was Rs. 2-9 to Rs. 5-4; in the Central Provinces it was Rs. 3-4 to Rs. 4-2; in Assam it was Rs. 3-7 to Rs. 4-5. If that be the exorbitant price which the consumer of salt has to pay for salt which does not require more than a couple of annas for production, Sir, is it justifiable that such a tax should be raised? It is said that after all a tax of Rs. 1-4 is not a heavy burden upon any tax-payer. Sir, the extent of the burden, as Caxton says, depends on the total amount paid by the consumer considered in relation to his income. And viewed from that standpoint, we find that at least four days' income of a man in India has to be set apart for the salt he consumes, whereas in France I am told half a day's income is enough and in Germany one day's income. Sir, I have already pointed out on a previous occasion that if only you reduce the salt tax you are sure to increase the consumption of salt. You are thereby improving the health of your subjects. On the other hand, it is most regrettable to find that the Government of India do not recognise the virtues of salt. Sir, salt is the very nectar of life. Your liquor and opium is the very poison of it. But how do the Government of India deal with these two things? They place both salt and liquor on the same basis. Up to the 1st of April 1924 Salt and Abkari formed one department in all Provincial Governments. They were placed under the same agency. Fortunately, from the 1st April, 1924, they have separated the Salt Department from the Abkari Department, and I take it as a sign that the Government recognise that virtue and vice must be separated. If that, Sir, be your view, I think I have hope that you would march still further and make it your distinct programme that liquor must be diminished and salt must be increased.

Sir, I am told that if the salt tax is reduced, the revenue will suffer, and that has been the alarm of several people. I consider that if the salt tax is reduced, and the consumption of salt increased, there is not much fear about your finance. If according to my estimate India require 9

[Mr. C. Duraiswami Aiyangar.]

crores of maunds of salt both for men and for cattle and if you gradually raise the production to that extent, I am sure your revenue will never suffer, even if you put the salt tax at eight annas, and I dare say that one day you must have the salt made free in this country. Leaving a margin of $1\frac{1}{2}$ crores, if you take 6 crores as the quantity of Indian salt that is consumed—because I can never say that India cannot produce as much as is necessary; it is admitted by the Government that the salt mines in the Punjab are inexhaustible; it requires no admission from the Government that the sea on both sides is inexhaustible; there is absolutely no fear that the sea will ever become a fresh water pond, and so long as we have got the seas on both sides, so long as you have the Sambhar Lakes in Rajputana, so long as you have got the mines in the Punjab and Kohat, there is absolutely no fear that we will not be able to produce as much salt as is necessary for consumption in India, and even for export to other countries. But the unfortunate thing is with reference to the views of my friend Mr. Willson and Mr. Neogy or Mr. Kabeerud-Din Ahmed. I should not forget him, otherwise he will interrupt me. (Laughter). Sir, they are very anxious that they must have only Liverpool salt. They will have German salt. Why? They have not examined the chemical components of that salt. They have not examined what exactly the Liverpool salt contains and what the Indian salt does not contain. They are carried away probably by the colour of it. They think that the Indian salt, the Madras salt, is coloured salt, that it is black salt, whereas they want white salt. They want white salt to lord over black salt. I ask them, why not the white race to lord over the brown race? If the white race is not going to lord over the brown race, let not white salt lord over our coloured salt. In other respects, I can assure you that chemical analysis has not shown Indian salt to be inferior to imported salt, but you are not going to take that. All the same I can tell you that with 6 crores of Indian salt, you can raise 3 crores of your revenue, and for the $1\frac{1}{2}$ crores which you are importing into Bengal, you must necessarily levy a tax of Rs. 2 per maund and raise 3 crores. Both these will thus give you Rs. 6 crores. Now, Sir, what is that partiality for the imported salt? Is it a protection for the foreign salt? This policy is not of this day. I find that this policy was enunciated in the year 1836. The East India Company then endeavoured to hold the balance evenly between both the salt manufactured in India and the salt imported into India.

The Honourable Sir Basil Blackett (Finance Member): I rise to a point of order, Sir. Is this speech in order on this motion to reduce the salt tax?

Mr. C. Duraiswami Aiyangar: I knew, Sir, that the Honourable Member was aiming to raise a point of order. I am not asking him to raise the tax to Rs. 2. That is not my motion at all. I am only suggesting the way in which a deficit in the revenue can be made good by their own policy. I am not at all asking him to raise the tax over the imported salt at present. That is not the demand which I now make. I already knew that it will be irrelevant in a Finance Bill and knowing that I once sent in a draft Bill for amending the Indian Tariff Act, but unfortunately His Excellency the Governor General did not give sanction to it. I know that I can not

ask this House now to raise the tax on imported salt. I am only suggesting to the Government how the financial aspect will not suffer if only they adopt these methods, and it is in their hands to adopt these methods.

Now, Sir, originally the imported salt bore a duty of 5s. to 6s. whereas Indian salt had only to pay 1s. 6d. a maund. Then the East India Company laid down that policy in 1836. There were protests as usual, and Lord Dalhousie, Governor General of India, in a minute, dated September 11th, 1852, said:

“Under the existing system no injustice is done to the importer of salt, but a great and growing injustice is inflicted on the Indian producer of the article.”

But there was, as usual, a row in Manchester and in Lancashire. The cotton manufacturers wanted to lessen the import duty and they wanted to make up the deficit by the salt duty. There were other interests in England which agitated about this matter and the result was it has been equalised. It is not the fault of India, and I ask the Honourable Member to rectify it, if he thinks that the finances will suffer. But all the same, I must admit that, so far as the Indian salt is concerned, I want the tax to be 8 annas for the present. As for making good the financial deficit, as I said, the matter is entirely with Sir Basil Blackett. It is open to him to get sanction at any time and to give notice of a Bill to amend the Indian Tariff Act. But he must not say as Sir John Strachey said, whose words I always remember. He said:

“I have not ceased to be an Englishman because I have spent the greater part of my life in India and have become a member of the Indian Government. * * I am not ashamed to say that while I hope that I feel as strongly as any man the duties which I owe to India there is no higher duty in my estimation than that which I owe to my own country.”

That is what he said with reference to the cotton excise duty. I ask the Honourable Sir Basil Blackett to take a different view. He was born in India, and therefore I have no doubt that he will find his way to see that the finances are equalised by a change in the system of duty between Indian salt and English and other imported salt.

Now, Sir, far from making the Indian production of salt satisfactory, what is it you generally do? You are reducing the production of salt in India and you are increasing the import from other countries. In 1921-22, Madras sent to Bengal 622,176 maunds of salt. In 1922-23, they sent only 397,374 maunds. In 1923-24 Madras sent absolutely nothing to Bengal. Why? The reasons are given by the Madras Government to be “larger imports of foreign salt, high freights demanded for transport by sea from Tuticorin, etc., want of *gola* accommodation in Calcutta for Madras salt, and enhanced rate of salt duty in 1923-24.” These are all causes which are avoidable, which are in the power of Government to avoid. On the other hand, Sir, how does the imported salt stand? In answer to a question of mine Sir Basil Blackett said:

“The quantity and value of foreign salt imported during the last four years is as follows:—

	Tons.	Value. Rs.
1920-21	620,964	2,28,13,450
1921-22	472,427	1,51,68,057
1923-23	542,138	1,68,79,854
1923-24	474,696	1,10,86,070”

[Mr. C. Duraiswami Aiyangar.]

But the more material part of his answer is this:

"The chief obstacle in the way of Indian salt displacing foreign salt is neither the incapacity of the factories in India to produce a sufficient quantity nor (in the case of some Indian salts) the superiority of the imported article; it is the question of freight. Foreign salt is usually imported in vessels which come to India for export cargo and it is not possible . . ."

Mr. President: The Honourable Member is straying away from the salt tax. He is now dealing with the whole business of the manufacture and transportation of salt, which is not in order.

Mr. C. Duraiswami Aiyangar: I am only showing that by raising the indigenous production to 9 crores there would be no fear of losing finance by a reduction of the tax.

Mr. President: As I have pointed out, the Honourable Member is entitled to indicate that as a part of his argument, but he is not entitled to make it the main part of his argument, which he is now doing.

Mr. C. Duraiswami Aiyangar: I shall only finish that sentence; otherwise Sir Basil Blackett's answer will remain incomplete in the proceedings—

" . . . either for coasting ships or for the railways to quote freights which can compare with the favourable rates offered by vessels which would otherwise have to come to India in ballast."

Sir, that is no justification for not producing a large quantity of salt. It is your duty to conduct a propaganda that the eating of more salt is healthy to the people. It is by starting a large number of factories that you can make people consume more salt. The more salt people eat the more healthy they are, and if they are more healthy they will give you taxes in other ways and you need not be anxious about that. I am anxious, therefore, that we must make the manufacture of salt a private enterprise on a modified license system, which will solve the unemployment problem to a great extent, and people will become more prosperous and pay more taxes in other ways. It is often said that the salt tax is the only tax which can reach the masses directly and it is the Duke of Argyll I believe who started that pet theory to which Lord Olivier gave a death-blow. But I ask, is the poor man paying only the salt tax to you and no other tax? Is there any tax of Government to which the poor man does not contribute? Is he not paying his quota to your stamp revenue? Is it not the poor man that is driven into courts more than the rich man and is not a large number of the judicial and non-judicial stamps bought by them? Is it not the poor man that really pays you the income-tax? Is it the creditor that pays you or the debtor? It is taken from the debtor and paid you. The hand of the rich man pays to you but it is the purse of the poor man that really pays you. What about land revenue? Is it not contributed by the poorest agriculturist? Is there any tax under this Government to which the poor man does not make his contribution directly or indirectly? Then, Sir, what is the justification for your saying that we must charge salt tax, otherwise the poor man will not pay any tax at all? There is no man who is exempt from making a contribution to the finances of the country. On the other hand, I would go a step further and say that the poor man has absolutely no necessity to pay you any tax. He has nothing to safeguard. He cares not for your police or the military. It is

the rich man that requires your police and not the poor man. Still I am paying you and why do you want me to pay more? And why do you take away even a portion of my food for the benefit of the rich people and for the benefit of your administration? I may say to Sir Basil Blackett that it is entirely in his hands to make his Budget balance. It is entirely in his hands if he overcomes all kinds of embarrassment that he comes across in the course of his duties. Generally in a humorous way at the time of presenting the Budget in this House he tells us that he feels an embarrassment whenever there is a surplus. That is not the embarrassment that he really feels. The embarrassment is all in his chamber before he prepares his finance statement, and that was given out frankly by one of his predecessors, Sir Edward Baker. He said:

"I have now been connected with the Finance Department of the Government of India for five years continuously and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganisation of some department, or to an augmentation of their numbers."

Have you overcome that embarrassment? If you have, you will show a greater surplus to us here. If you reduce the salt tax and want money, here is my Honourable friend, Mr. Rama Aiyangar, for whose figures I have always had a trembling admiration. He has got the duplicate keys of your iron safes with him and he will show you where you can get money from your safes. Drop once for all the idea of levying the salt tax for revenue purposes. If you are commercialising your Postal and Railway Departments, commercialise the Salt Department if necessary and make it self-supporting. But do not ask for any revenue from it for your other administration purposes. I beg of you therefore on behalf of the poor to reduce the salt duty to eight annas.

Mr. N. M. Joshi (Nominated: Labour Interests): I have great pleasure in supporting this motion. This is not the first time that I have spoken in the House on the question of the salt tax. Only a few days ago I stated that the salt tax is a tax on the manhood of this country. Every one has to take salt whether he is poor or rich, and if you tax salt, you tax everybody. It is a poll tax which was hated in this country even in historic times.

I feel, Sir, that the right principle of taxation is that it is only those people who have got some surplus over and above what is required for the maintenance of themselves and their families that should be taxed. People who have not enough money to maintain themselves and their families must not be taxed at all. Those people who do not earn sufficient for their maintenance and the maintenance of their families, I believe, owe nothing to this Government or to any Government. It is the duty of every Government to see that all human beings under its care are fed properly and clothed properly, and as long as it is not done, that Government does not perform its duties towards those people. I therefore strongly feel that it is not right for any Government to impose a tax which falls upon people without any reference to their income or their ability to pay the tax after maintaining themselves and their families. From this point of view, there cannot be any tax worse than the salt tax and I shall therefore oppose the imposition of that tax even to the smallest extent. It has been said that the incidence of the salt tax is a very small one, that it is only three annas or four annas per head. But there are a number of people in this country,

[Mr. N. M. Joshi.]

and their number is very large, who should not be taxed at all. The burden may be small, but that burden cannot be placed upon people who cannot bear any burden at all. Then, Sir, my Honourable friend Mr. Duraiswami Aiyangar has already pointed out that the burden of the salt tax is not the only burden upon the poorest people. The largest part of your import duties falls upon them. The Honourable representative of the Indian Merchants' Chamber and Bureau has, I am told, given some statement to the Honourable the Finance Member. I find that that statement as regards the incidence of the customs duties is not yet published, but if that is published and is in my hands, I am quite sure I shall be able to show that the largest part of the customs duties is paid by the poor and not by the rich people. Sir, there are many items in our customs duty which fall upon the poorest people. We have a large import duty on cloth. We have a large tax on kerosene. We tax matches and several other articles which are very necessary for the masses. All this burden falls upon the poorest people without any reference to their ability to pay the tax. I therefore say that the salt tax is not the only tax which the masses in this country pay. The burden of taxation upon them is very heavy. Unfortunately every time a small tax is levied, Government and those who support them say that the burden is very small. Sir, that was stated in this House in the Simla session when the steel duty was levied. Then, Sir Charles Innes on behalf of the Government stated that the duty on agricultural implements will fall upon the people by only one anna per man or some such thing. Then again the duty on wire nails will be also half an anna or one anna. Sir, there are hundreds of such duties which fall upon the masses in this country by one anna and two annas and these small bits make a very large amount. I therefore think that although no burden should fall upon people who do not get sufficient to maintain themselves and their families, the burden which falls upon them to-day is very heavy. The Honourable the Finance Member may say that he wants money and money must be forthcoming. There is no doubt that if the State wants to spend money on several objects money must be forthcoming, but he must take that money from those people who can afford to pay. Our income-tax has not yet reached its limit. It is the lowest perhaps in any part of the world. There is a source from which you can get money. There are several other luxuries which you are afraid to tax. If there is a tax on motor spirit, you show your greatest anxiety to reduce it.

Pandit Shamlal Nehru: That affects the poor also.

Mr. N. M. Joshi: If it affects the poor, it affects the rich more. That is the reason why Government are very anxious to reduce it. I therefore feel that it will not be difficult for Government to get the revenue which they may lose by the reduction or even the removal of this salt tax. Moreover, Sir, in this year's Budget the Honourable the Finance Member has set apart a sum for the avoidance of debt. I do not know why the Honourable the Finance Member should be in a hurry to pay off our national debt before taxes which are absolutely wrong in principle, such as the salt tax, are removed from the Statute-book. After all, the national debt of India is not a very large one. If you compare our national debt with the national debts of other countries you will find that we are in a very good condition. I therefore do not know why the Honourable the Finance Member should set apart a large sum of money for the avoidance of debt.

before removing the salt tax. The Honourable the Finance Member may say that if we do not pay our unproductive debt we may be throwing a burden on future generations. Sir, I am not prepared to throw an unreasonable burden on future generations, but if there is an unproductive debt which we owe to others certainly we have got in our possession large properties, as was shown by one of the Members of this House, which will be valued at more than our unproductive debt. I therefore think that it is a wrong policy on the part of the Honourable the Finance Member to set apart a large sum for the avoidance of debt before those taxes, which are wrong in principle, are removed.

Then, Sir, my Honourable friend Mr. Duraiswami Aiyangar has pointed out that if you reduce the salt duty by 12 annas or to any amount, your income from the duty will be proportionately larger on account of the larger consumption of salt, which is in the interests of the good health of the people of this country. I therefore think that even from the point of view of revenue the loss on account of the reduction of duty will not be proportionately the same; the loss will be much less. I therefore think that this motion made by my Honourable friend Mr. Duraiswami Aiyangar should be carried by this House.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadian Rural): Sir, a similar amendment stands in my name and after what has fallen from Mr. Duraiswami Aiyangar and Mr. Joshi I need not dwell at length on the many aspects of the question that is before this House. I only want to say one or two words with respect to my amendment. It has been said that the finances of the country will suffer unless you impose this tax. This tax cannot be justified on moral grounds, because no man far less a Government has any right to steal. I say advisedly that no one has any right to steal. This tax is nothing but stealing the poor man's food. I have seen in Rajputana and Bengal, labourers taking their bread or rice simply with salt and nothing else and they cannot have a sufficient quantity of it. In Bengal the labouring classes have no other food but a few morsels of rice and some vegetables which are to be found on the river banks or tanks. These things they boil and they cannot eat them without salt and you deny it to them by imposing a tax on salt. No Government has any right to tax the food of the poor people of a country and I am not aware of any country in the world where a tax on salt is to be found. I therefore submit that this is a tax which cannot be justified on moral grounds.

Further we have to remember that India is an agricultural country and that agriculture is carried on by cattle and the quality of the cattle has been deteriorating at least in Bengal. Why? Because they cannot give the cattle a sufficient amount of salt. Not only that. For the raising of the crops a certain amount of salt is necessary in various parts of Bengal. That being so, you are not only helping the deterioration of the cattle of the country but also helping in the growing of less crops owing to want of manure. Such being the case, I think it is high time that we, the representatives of the people, those who come here with the votes of those who really feel the pinch of this tax, think it is our moral duty to see that their food is not taxed and therefore I enter my humble protest against the levy of any salt duty; and, as we know the temper of the Government at the present moment which is not inclined to abolish the tax, I propose a reduction to 8 annas per maund and I move the amendment which stands in my name for reducing the salt tax to 8 annas.

Kumar Ganganand Sinha (Bhagalpur, Purnea and Santhal Paraganas : Non-Muhammadian) : Sir, my amendment is to substitute 12 annas for Rs. 1-4-0 but I would like to make my remarks at the present stage of the debate and vote for it when the time comes. While agreeing with the contentions as to the undesirability of the salt tax, I look at the question from another standpoint also. I want to do away with the consumption of foreign salt in this country. Although I hate the salt tax very much, I hate the consumption of foreign salt much more and I shall confine my remarks to that aspect of the question. Those who listened to the debates on the Demands for Grants under the head Salt and on the salt policy of the Government, last week, and those who have interested themselves in this question, will agree with me when I say that India can produce salt in sufficient quantity to meet her own requirements. India eats foreign salt not because she does not possess enough salt but because she has to undergo an unfair competition with the foreign countries which send salt to her. In spite of the fact that some of the Indian coasts, notably Orissa, are unworked, in spite of the high freight at which it is possible to carry it from one part of the country to another, in spite of the country's being handicapped in every possible way, it must be noted that only one-fourth to one-third of the salt consumed in India is imported and almost the whole of that is consumed by only the provinces of Bengal, Bihar and Orissa, Assam and Burma. My intention is to manipulate the tariff in such a way as to frustrate the advantages of the tramp ships that come from the United Kingdom, Germany, Spain, Egypt, Aden and Dependencies, Italian East Africa and other countries loaded with foreign salt; and I shall try to show to the House before I sit down that it is possible to enable India to eat her own salt, it is possible for the Government to avert the scarcity of salt, like the one that took place during the great European war, and it is also possible to do these things without any loss of revenue. We have inexhaustible supplies of salt in this country; if only we could work them and distribute it throughout the land it would be enough. We can obtain salt from solar evaporation, boiling and from rock mines that are rich and abundant. We have only to overcome the obstacle of freight. We can do so by reducing railway freight or by giving bounties. But I do not want to enter into the question of reduction of railway freight at this moment, and there may be some who may object to the giving of bounties, for they may contend that it will diminish our revenues. I would therefore suggest another way to the House. My suggestion is that the duty on imported salt should be raised by the Government to Rs. 2-8-0 per maund; and I would ask the House to agree with me that the duty on manufactured salt be reduced to 12 annas per maund. Let us calculate its effect on the next year's revenue. From the Memorandum that has been given to us along with the Budget estimates we find that the revenue from manufactured salt chiefly for the budget estimate of 1925-26 is expected to be from North India Rs. 1,79,71,000, from Madras Rs. 1,48,10,000, from Bombay Rs. 1,64,55,000, making a total of Rs. 4,92,36,000 which is expected from the consumers of manufactured salt. The amount of salt extraction which that represents is approximately 394 lakhs of maunds. That is so far as manufactured salt is concerned. Now as to imported salt, which is consumed chiefly in Bengal and Burma. The total duty expected on this kind of salt from Bengal and Burma is Rs. 2,11,67,000, which means that approximately 168 lakhs of maunds of salt will be imported into the country. Now 394 lakhs of maunds of manufactured salt at 12 annas per maund will bring in Rs. 2,95,00,000 in all; and 168 lakhs of maunds of imported salt at

Rs. 2-8-0 per maund would yield approximately Rs. 4,20,00,000. The aggregate revenue from both would therefore be about Rs. 7,15,00,000 in all, which is very largely in excess of the total salt revenue estimate of this year, so that, there will be no loss of revenue if the Government adopt this course. It will further make imported salt more expensive than the manufactured indigenous salt and will give an impetus to an indigenous industry of the country, thereby making it possible for Indians in most parts of the country to eat Indian salt at a comparatively lower cost than they can at present. Now, Sir, it might be said that Bengal and Burma will suffer. I have little hesitation in saying, since I heard my Honourable friend Mr. Fleming the other day, that Burma will be the last to object to anything which will be conducive to the growth of the indigenous salt industry. It is no pleasure to her to eat foreign salt, and I venture to say that the enhancement of the import duty on foreign salt will give an impetus to the development of her lost salt industry, and when it has been established she will be in the happy position of buying her salt cheaper than even the present rate. Then I turn to appeal to Bengal. I know she will not be taxed more than what she has already been taxed. Up to the year 1903, we know, she had been taxed Rs. 2-8-0 per maund for her salt, and again in 1922 and 1923 she was taxed the same amount, and it was by the desire of the Government. Now I appeal to Bengal in the interest of the revival of the salt industry in this country, in the interest of giving increased employment to the labourers, as well as for the sake of removing the odium that India takes foreign salt. I would remind her of the declaration she made during the Swadeshi movement days and hope that she will have no objection to the rate of tariff proposed by me. She shall undoubtedly have to pay a little more, but compared with the relative advantage to the industry of the country as a whole I am sure she will not grudge it. I once again appeal to Bengal's self-sacrifice and political sagacity, and hope that she will have a broad outlook and greatness of purpose.

Mr. W. S. J. Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, Mr. Duraiswami Aiyangar in moving his Resolution fired off words as hard as he could for no less than 25 minutes on a subject which comes before this House year after year. I listened to him with some attention but I was unable to discover that he produced a single new argument beyond those we have heard each year hitherto. Mr. Joshi, whose interest in the subject is shown by his absence at this moment, also thought it his duty as the poor man's champion to address the House, but he fortunately let us off with 8 minutes, and he also has disappeared from the House. Sir, the argument that Mr. Duraiswami Aiyangar tried to make was that well-worn old one about taxing the poor man: and of course he brought in the free breakfast table cry. Now, I shall take him up on that, because I hope to-morrow to put before him a very much better case for the alleviation of taxation of the poor man on foodstuff. However, the point that I want to make is the hollowness of this debate. The House is obviously bored with it after so many years, and will note the inconsistency with which the Honourable Member from Madras can get up to-day and seriously argue this case when in the debate on the 7th March for a cut of Rs. 100 in the Salt Vote, he did not see his way to vote against the Resolution put up by Mr. Venkatapatiraju wherein a concrete proposal was made that the duty on imported salt should be raised up to Rs. 2 and that there should be a reduction of the tax on the local article.

[Mr. W. S. J. Willson.]

Sir, I do not propose to take up the time of other Members of this House. The only other point I want to make is this. I considered it a mistake last year that the House unfortunately did itself out of a certain amount of revenue which we might have had, had the Government's proposal of a Rs. 2 duty been then accepted. We should then have had a much larger reduction of the provincial contributions, which should have begun last year, and we should have had a second reduction of the provincial contributions this year. We should then by this means have been about half way through with their extinction now. The point then, it seems to me, resolves itself into this. If you want to reduce the duty on salt, all you do is practically to give each family something like one pie per week—some perfectly ridiculous figure which they cannot trace in their budget, and which they cannot see. What happens is, that it will merely go into their ordinary purse and disappear again without their being any the better off. If we maintain the salt tax, as I think we ought to do, and put the money into the Provinces by a reduction of the provincial contributions as often and as much as we can, that would be far better. The reduction of the provincial contributions practically means that the Provinces will spend the whole of that money on education and sanitation for the benefit of the poor man. Let us leave to them the spending of that money instead of giving it in useless dribbles to an imaginary object; let us give it to the Provinces that they may spend it, not dribble it away in revenue but spend it in capital expenditure on irrigation, water-works, drainage and the improvement of education, health and sanitation throughout the country.

Mr. Narain Dass (Agra Division: Non-Muhammadan Rural): Sir, there is a similar motion which stands in my name, and I beg to move:

“That in clause 2 (1) of the Bill, for the words ‘one rupee and four annas’ the words ‘twelve annas’ be substituted.”

Sir, I do not look upon this problem of salt as a hackneyed one. In spite of the very confident assertion from the official Benches, in spite of the vast literature that they have built up in support of this tax, the instinct of every man prompts him to say that it is the most unjustifiable tax. In addition to what has been said by the other previous speakers, I will try to draw the attention of the House to a few aspects of the question. In 1923-24 the salt duty stood at Rs. 2/8 a maund, and what do we find? The total consumption of the year somehow or other came down to be narrowed to 3.80 crores of maunds. We find, in spite of all the arguments advanced in support of overstocking and understocking, that the total consumption of salt during the year 1923-24 came down to only 3.80 crores of maunds. (*The Honourable Sir Basil Blackett*: “What does the Honourable Member mean by ‘consumption’?”) Sir, the total issue of salt came down to about 3.80 crores of maunds. Well, I think some allowance must be made for the factors of understocking and overstocking, but the vast difference disclosed cannot be explained away in that way. What is the implication? The clear implication is that the people consumed less than two-thirds of what they did when the salt duty stood at Rs. 1/4 a maund, and it clearly shows, Sir, that this duty is in many ways hampering the free use or rather the full use by the people of this most necessary article of diet. Sir, it is not a question of salt duty only. We know that this Government are committed to certain views in the matter of finance.

Whenever any reduction is urged, they require of us that an alternative tax, an equivalent substitute, should be given to them. That means that their financial system, their system of taxation, is so well arranged, so well calculated, and in fact they are living from hand to mouth, and that the least difference or the least change in any item would break down the whole edifice of their financial system. Well, Sir, that is not right. Most of us think that certain objectionable forms of taxation must go even at the sacrifice of some revenue. It is no business of ours to find out an alternative tax. But in this matter, at any rate, looking at it from the point of view of consumption, there is every likelihood that the consumption, if you bring down the duty to a lower figure than Rs. 1-4, will go up. It may be that in the long run we may not lose any part of the revenue budgeted for the year 1925-26. Even supposing that we may have to lose a part of it, I do not think that that would mean a mere waste of money. Sir, the manufacture of salt before the Government made it a monopoly was a very common industry in India. Almost every district, or I should say most districts could easily manufacture their own salt. There are old people living even now who say that most of the Indian States and most of the districts used to manufacture their own salt. And then there is another aspect of the question, and that is that the manufacture of salt as a monopoly of Government has gone in several ways to raise its selling price. Let us consider the position. Salt is issued from two or three centres only. We cannot have it at Muttra, which used to manufacture it in large quantities; we cannot have it at Bharatpur, which used to manufacture it in even larger quantities. We must go to the Sambhar Lake or we must go to the Punjab. If any of us prefers the taste of the imported salt, then we shall have to go to Calcutta or Madras. It has been narrowed down to a few places of manufacture, and there comes in the question of freight also which certainly makes such a vast difference in the selling price of salt. Well, Sir, that factor at least was utterly wanting when the Government monopoly had not come in, when every district or at least those districts where conditions were favourable, could manufacture it. At least the prices were more equal. There was not this vast difference between the prices. Sir, as this is a question where the Government can easily find money for a trifling reduction that I am proposing, it really passes my imagination how they could set up a plea of want of funds. I may simply refer to a few aspects, in passing, of the Budget that we are just dealing with. This Government can afford to waste a lot of money in Waziristan in making roads and in putting garrisons here and there. It can very easily write off our loans and advances to Persia, although it may be called only a book adjustment. And when this Government come to deal with the recommendations of the Lee Commission, the question of the finances does not arise at all. A crore and a quarter drop in anyhow. It may come from certain economies, from certain reserves or from certain reservoirs, but the money is forthcoming all the same. At any rate, the question of the lack of funds does not arise at all. Sir, what the Government are committed to is this. In spite of the vast fresh burden of taxation which is variously estimated at 50 crores a year, Government's financial formula is that so long as the provincial contributions are not wiped out, no tax, however burdensome, can be taken off. We do not stand for this view. It is not merely the question of salt, it covers a wider field of financial operation. They want to retain a huge burden of fresh taxation. They want to spend money on so many other things. They want to raise the pay of the higher services. They want to pay them handsome allowances and supply them with medical aid

[Mr. Narain Dass.]

and what not. In their military enterprise they will go on wasting or spending or throwing away crores of rupees on Waziristan and other neighbouring countries. But when it comes just to give a very little relief, they say that that is not an item in their fiscal gospel. Well, Sir, it is to demolish that financial formula and just to allow the voice of the people to be heard which, at least in this matter, finds a very good expression in so many amendments that stand on the paper for the reduction of the salt duty, that I appeal to the House to carry this motion through. With these words, Sir, I move my amendment.

Several Honourable Members: I move that the question be now put.

Mr. A. H. Lloyd (Member: Central Board of Revenue): Sir, the merits and the demerits of the salt tax have been the tilting ground upon which numerous conflicts have been fought and I am not going to enter into conflict in that arena myself. What we are faced with to-day is the passing of a Finance Bill which, amongst other things, is designed to fix the rate of duty on salt, and the Bill is introduced in order to enable the Government to collect the revenues during the coming year which will meet the expenses that are anticipated, leaving any surplus that may result to be disposed of as may be decided in consultation with the House. I would merely remark on the question of the general merits of the salt tax that it is a tax which we have always had with us and that it is a tax which is resorted to by very many countries other than India. Mr. Amar Nath Dutt, when he made a statement to the contrary, was, I am afraid, only exhibiting the incompleteness of his studies of the subject. Kumar Ganganand Sinha and the Honourable Mover of this amendment have shown quite clearly that for their part the proposal is at least as much designed to force the Government to impose a protective tariff against imported salt as it is designed to relieve the poor man of the incidence of a duty to which they object. This, again, is a point which it is hardly appropriate at the present moment to discuss on its merits. I shall merely draw the attention of the House to the financial results of the suggestion. In the first place, I must point out that Mr. Duraiswami Aiyangar is not innocent of performances such as he describes as statistical jugglery and somer-saults when he attempts to prove that the reduction of the duty to 8 annas would yield such an enormous increase in the consumption as from 5 crores to 9 crores of maunds in a year. Figures for the past show that this is quite unduly optimistic. When the salt duty was Rs. 2-8 a maund in 1902-03, the average consumption per head of the population was 5 seers. When it was at Re. 1 a maund, 10 years later, the average consumption was only 6 seers per head of the population. Some increase in consumption must be allowed for, but that it could be so large as Mr. Duraiswami Aiyangar has anticipated it is, I think, quite unreasonable to believe. If there were no increase at all, the annual cost of this proposal would be 3½ crores. Well, Sir, we have not got 3½ crores a year to throw away. If Mr. Duraiswami Aiyangar's anticipations are fulfilled and the consumption were to increase to 9 crores of maunds, the cost in rupees would still be nearly 2 crores. If we take as the most optimistic possible view that I at least can imagine, that the consumption would ultimately increase by 20 per cent. to 6 crores of maunds, the recurring loss of revenue would not, even in the long run,

fall below $8\frac{1}{2}$ crores a year. Well, Sir, $8\frac{1}{2}$ crores is more than we can expect to have available to meet the proposed reductions of provincial assignments that are to be discussed later on in the course of the present debate. I think therefore, Sir, that in the face of these difficulties it is not necessary for me to do more than to oppose this reduction on the ground that the finances of India are such that we cannot afford to accept it.

Mr. Devaki Prasad Sinha (Chota Nagpur Division: Non-Muhammadan) Sir, the Honourable Member who has just replied to the motion of my friend Mr. Duraiswami Aiyangar has very conveniently quoted the figures for an average increase in the consumption of salt with the reduction in the tax on salt. Sir, it is always very dangerous to go merely by figures of average consumption. May I ask him to tell me what are the figures of the total consumption of salt and increase or the decrease in the taxation of salt? I have got here some figures which will give an idea. In the pre-war time, when the salt tax was at the rate of one rupee, consumption was $5\frac{1}{2}$ crores of maunds, approximate figures. When the tax was raised from Re. 1 to Rs. 1-4, consumption became 40 lakhs of maunds less. Then when it was again raised to Rs. 2-8, the consumption became $4\frac{1}{2}$ crores of maunds, that is to say, about a crore less than when the tax was at one rupee. Again in the current year, when the tax came down to Rs. 1-4, the consumption became $5\frac{1}{2}$ crores of maunds. And, Sir, I have been informed by some of those who actually take part in the manufacture and distribution of salt that if this duty is reduced, the consumption of salt in provinces like Bihar and Orissa and the United Provinces would go up considerably. Well, Sir, that is with regard to the figures. But my objection to this duty is based upon something more important and something higher than a mere financial objection. My Honourable friend Mr. Willson has ridiculed the idea of opposing this taxation on the ground that it would bring relief to the poor. He says it is an imaginary evil, if I am quoting him aright; and he said it would bring a relief of one pie in the rupee in each family. Well, Sir, one pie in the rupee may not matter much to Mr. Willson, who I understand is a capitalist with a large balance in his bank, (*Mr. W. S. J. Willson*: "Debit balance") but it does matter to those whose income is not more than a few rupees in the year. Besides this there is another aspect of the question which my Honourable friend Mr. Willson has entirely forgotten, and that is this; that in determining a system of taxation, what we have to keep in view is this, that when we impose a tax, we reduce the marginal sacrifice made by each tax-payer to a level of equality. It is true that we cannot attain that ideal system of taxation, but my submission is that this year, when we have for the first time after many years a surplus in the actual, a surplus in the revised, and a surplus in the estimates, that section of the tax-payers which constitute the largest class in the country has the first claim on this surplus. Well, Sir, we have in this House heard loud and persistent appeals about giving relief to only a section of the tax-payers. I need not refer to that on this occasion, but I must express my opinion strongly that, if there is any tax which deserves to be reduced on account of the surplus in the finances of the Government of India, it is the salt tax. The reasons are, firstly, that it touches the largest number of people in this country, and secondly, that in its nature and its quality, this tax is the most immoral tax that exists in the finances of the Government of India. I shall make a present to my friend Mr. Willson of an opinion expressed by one of the predecessors of Sir Basil Blackett when he spoke

[Mr. Devaki Prasad Sinha.]

in introducing the budget estimates as far back as the year 1877, when the salt duty was not what it is to-day. He says :

" I have a strong belief that more than 100 millions of people fail now to obtain a full supply of salt. I do not for a moment assert nor do I believe that the actual supply is insufficient for the preservation of health nor do I at all agree with those who maintain that the salt tax presses with extreme severity on the poorest classes; but"—*this is the more important part of it*—" but however this may be it is a great evil that the supply of this necessary of life should be restricted and the restriction is not only mischievous in respect of human consumption but in this way also that there is little salt for the cattle and little for any of the manufacturing processes in which it would be useful."

Well, Sir, we have not as yet in the course of the debate heard any expression of opinion on behalf of members of a very important party in this House called the Independent Party; but I take it, Sir, that the Members of that party subscribe to the views that were expressed so eloquently by the Honourable Pandit Madan Mohan Malaviya when last year he moved for the rejection of the Finance Bill. (*Mr. K. Ahmed*: " And what about this year? They have decided they will pass it ") (*Pandit Madan Mohan Malaviya*: " Let him finish ") My Honourable friend knows what he said. (*Mr. K. Ahmed*: " What is the use of quoting it? ") He said :

" It so happens that in the present Finance Bill there is one item which deeply touches the poorest in the land, and that is the salt tax. He has unfortunately not been able to appreciate the position of us Indians with regard to the salt tax. He has quite seriously appealed to us more than once to take a calm, statesmanlike view of the salt tax, and not throw away the money that would be available by raising the rate to Rs. 2."

I need not quote further but I hope the Independent Party, one of the leaders of which is undoubtedly Pandit Madan Mohan Malaviya (*Khan Bahadur W. M. Hussainally*: " Why not leave the matter in the hands of the Taxation Inquiry Committee and the Economic Inquiry Committee? ") Well, Sir, my Honourable friend may be very much enamoured of the Taxation Committee but he knows that there is a certain section of public opinion in this country and a very important section of opinion in this House which does not expect anything out of the Taxation Committee. My ground for supporting my Honourable friend Mr. Duraiswami Aiyangar is quite obvious, that this year there has been a surplus in the revised as well as in the original estimates; therefore this is the first tax which ought to be reduced and the benefits arising from this surplus should go in the first instance to those who are consumers of salt in the country. When there is a surplus we have to compare the claims of different claimants. I am sure that if the different claims could be judged in the scales in an unbiassed and unprejudiced fashion, the claims of the salt consumers of this country will undoubtedly come first and foremost. Well, Sir, my Honourable friend Mr. Joshi has spoken of the burdens falling upon the poor. My Honourable friend Mr. Willson evidently does not care to think seriously of the burdens of the poor. This House has been time and again urging the abolition of the duty on cotton piece goods produced in this country. Well, Sir, if there is any justification for the abolition of the cotton excise duty in this country, I submit that there is ten times greater justification for the abolition of the salt duty. There is a very interesting passage in a book written by my friend Mr. Hammond on the " Indian

candidate and Returning Officer". At the beginning of that book he has quoted from one of the propagandist political pamphlets issued by a candidate during the British elections. That pamphlet says:

"TAXES

upon every article which enters into the mouth or covers the back or is placed under the foot;

TAXES

upon everything which is pleasant to see, hear, feel, smell and taste;

TAXES

upon warmth, light and locomotion;

TAXES

on everything on earth and the waters under the earth or everything that comes from abroad or is grown at home;

TAXES

on the raw material;

TAXES

on every value that is added to it by the industry of man;

TAXES

on the sauce which pampers men's appetite and the drug that restores him to health;
on the

Ermine which decorates the Judge and the Rope which hangs the Criminal;
on the

Brass nails of the coffin and the ribbands of the Bride;
at

Bed or at Board—Couchant or Levant,

WE MUST PAY.

The school boy whips his taxed top;

The beardless youth manages his taxed horse with a taxed bridle on a taxed road;
and the dying Englishman pouring his medicine which has paid

7 PER CENT. into a spoon which has paid 30 PER CENT;

Throws himself back upon his chintz bed which has paid

22 per cent. makes his will

and expires in the arms of an Apothecary, who has paid £100 for the privilege of putting him to death.

His whole property is then taxed from 2 to 10 per cent.;

Besides the probate, large fees are demanded for burying him in the chancel; his virtues are handed down to posterity on

TAXED MARBLE;

and he is then gathered to his fathers to be taxed

NO MORE."

(Cries of "Divide.") Well, Sir, this is in very small print and that is why it has taken such a long time to read; but I feel that the condition of the poor Indian tax-payers is very materially the same. Everything they buy, everything which they use for their ordinary food and clothing, on everything they have to pay a tax, while the large mass of the big land-owners in the country inherit their large stock of wealth without paying anything to the State; the profiteers who derived millions during the time of the war at the cost of the poor tax-payers are allowed

1 P.M.

[Mr. Devaki Prasad Sinha.]

to go with very light taxes. It is the poor people that have to suffer the brunt of the burdens imposed by the necessities of deficits in the Budget. I submit, Sir, that although my Honourable friend Mr. Lloyd says that the remission of this taxation or the reduction of it to eight annas would cost the revenues of the Government of India Rs. 3½ crores, I submit that the surplus of this year which is about Rs. 3½ crores should justly be utilised for the purpose of reducing this duty to eight annas. I have therefore very great pleasure in supporting it and I hope that Honourable Members will not be influenced by any imaginary fear or real fear of the abandonment of the proposal to remit provincial contributions, but that they will come forward and support this in the interests of the large mass of tax-payers in this country. This will be the great test, the acid test for determining how far Honourable Members are prepared to give relief to the poor consumers in the country. It is always possible to talk of patriotism when it concerns only the pockets of a few interested parties; but, Sir, we must apply that test when occasions like this arise and when a demand to reduce duty on an article used by the largest number of poor consumers is made. I have great pleasure in supporting this motion for reduction.

An Honourable Member: I move that the question be now put.

Mr. President: The question is that the question be now put.
The motion was adopted.

Mr. President: The original question was:

"That clause 2 stand part of the Bill."

• Since which an amendment has been moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas', the words 'eight annas' be substituted."

The question I have to put is that that amendment be made.

The Assembly divided:

AYES—50.

Abdul Karim, Khwaja.
Abhyankar, Mr. M. V.
Abul Kasem, Maulvi.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswami
Ariff, Mr. Yacoob C.
Badi-uz-Zaman, Maulvi.
Bhat, Mr. K. Sadasiva.
Chaman Lall, Mr.
Chanda, Mr. Kamini Kumar.
Datta, Dr. S. K.
Duni Chand, Lala.
Dutt, Mr. Amar Nath.
Goswami, Mr. T. C.
Gulab Singh, Sardar.
Hans Raj, Lala.
Hari Prasad Lal, Rai.
Ismail Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Jeelani, Haji S. A. K.
Joshi, Mr. N. M.
Kazim Ali, Shaikh-e-Chatgam Maulvi.
Muhammad.
Kelkar, Mr. N. C.
Kidwai, Shaikh Mushir Husain.
Lohkara, Dr. K. D.
Mishra, Mr. Jaganadas M.

Misra, Pandit Shambhu Dayal.
Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi
Sayad.
Narain Dass, Mr.
Nehru, Dr. Kishenlal.
Nehru, Pandit Motilal.
Nehru, Pandit Shamlal.
Patel, Mr. V. J.
Phookun, Mr. Tarun Ram.
Piyare Lal, Lala.
Ranga Iyer, Mr. C. S.
Rav, Mr. Kumar Sankar.
Sadiq Hasan, Mr. S.
Samiullah Khan, Mr. M.
Sarda, Rai Sahib M. Harbilas.
Sarfaraz Hussain Khan, Khan
Bahadur.
Shafee, Maulvi Mohammad.
Singh, Mr. Gava Prasad.
Sinha, Mr. Ambika Prasad.
Sinha, Mr. Devaki Prasad.
Sinha, Kumar Ganganand.
Svamacharan, Mr.
Tok Kvi, Maung.
Yusuf Imam, Mr. M.

NOES—62.

Abdul Mumin, Khan Bahadur
Muhammad.

Abdul Qaiyum, Nawab Sir Sahibzada.

Ahmed, Mr. K.

Ajab Khan, Captain.

Akram Hussain, Prince A. M. M.

Alimuzzaman Chowdhry, Mr.

Ashworth, Mr. E. H.

Bhore, Mr. J. W.

Blackett, The Honourable Sir Basil.

Bray, Mr. Denys.

Burdon, Mr. E.

Calvert, Mr. H.

Clarke, Sir Geoffrey.

Cocke, Mr. H. G.

Cosgrave, Mr. W. A.

Crawford, Colonel J. D.

Dalal, Savdar B. A.

Das, Mr. B.

Fraser, Sir Gordon.

Ghazanfar Ali Khan, Raja.

Ghose, Mr. S. C.

Ghulam Abbas, Sayyad.

Ghulam Bari, Khan Bahadur.

Gour, Sir Hari Singh.

Graham, Mr. L.

Hira Singh Brar, Sardar Bahadur
Captain.

Hudson, Mr. W. F.

Hussanally, Khan Bahadur W. M.

Hyder, Dr. L. K.

Innes, The Honourable Sir Charles.

Jinnah, Mr. M. A.

Kasturbhai Lalbhai, Mr.

Lindsay, Mr. Darcy.

Lloyd, Mr. A. H.

Mahmood Schamnad Sahib-
Bahadur, Mr.

Makan, Mr. M. E.

Marr, Mr. A.

McCallum, Mr. J. L.

Mitra, The Honourable Sir Bhupendra
Nath.

Moir, Mr. T. E.

Muddiman, The Honourable Sir
Alexander.

Muhammad Ismail, Khan Bahadur
Saiyid.

Naidu, Mr. M. C.

Pal, Mr. Bipin Chandra.

Purshotamdas Thakurdas, Sir.

Rajan Bakhsh Shah, Khan Bahadur
Makhdum Syed.

Raj Narain, Rai Bahadur.

Ramachandra Rao, Diwan Bahadur M.

Rangachariar, Diwan Bahadur T.

Rau, Mr. P. R.

Reddi, Mr. K. Venkataramana.

Rhodes, Sir Campbell.

Rushbrook-Williams, Prof. L. F.

Sastri, Diwan Bahadur C. V.
Visvanatha.

Setalvad, Sir Chimanlal.

Singh, Rai Bahadur S. N.

Sykes, Mr. E. F.

Tonkinson, Mr. H.

Webb, Mr. M.

Willson, Mr. W. S. J.

Wilson, Mr. R. A.

Yakub, Maulvi Muhammad.

The motion was negatived.

Mr. President: The original question was:

“That clause 2 stand part of the Bill.”

Since which an amendment has been moved:

“That in clause 2 for the words ‘one rupee and four annas’ the words ‘twelve annas’ be substituted.”

The question I have to put is that that amendment be made.

The Assembly divided:

AYES—50.

Abdul Karim, Khwaja.
 Abhyankar, Mr. M. V.
 Abul Kasem, Maulvi.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswami.
 Ariff, Mr. Yacoub C.
 Badi-uz-Zaman, Maulvi.
 Bhat, Mr. K. Sadasiva.
 Chaman Lall, Mr.
 Chanda, Mr. Kamini Kumar.
 Datta, Dr. S. K.
 Duni Chand, Lala.
 Dutt, Mr. Amar Nath.
 Goswami, Mr. T. C.
 Gulab Singh, Sardar.
 Hans Raj, Lala.
 Hari Prasad Lal, Rai.
 Ismail Khan, Mr.
 Jyengar, Mr. A. Rangaswami.
 Jeelani, Haji S. A. K.
 Joshi, Mr. N. M.
 Kazim Ali, Shaikh-e-Chatgam Maulvi
 Muhammad.
 Kelkar, Mr. N. C.
 Kidwai, Shaikh Mushir Hosain.
 Lohokare, Dr. K. G.

Mehta, Mr. Jannadas M.
 Misra, Pandit Shambhu Dayal.
 Misra, Pandit Harkaran Nath.
 Murtuza Sahib Bahadur, Maulvi Sayed.
 Narain Dass, Mr.
 Nehru, Dr. Kishenlal.
 Nehru, Pandit Motilal.
 Nehru, Pandit Shamlal.
 Patel, Mr. V. J.
 Phookun, Mr. Tarun Ram.
 Piyare Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Ray, Mr. Kumar Sankar.
 Sadiq Hasan, Mr. S.
 Samiullah Khan, Mr. M.
 Sarda, Rai Sahib M. Harbilas.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Singh, Mr. Gaya Prasad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Sinha, Kumar Ganganand.
 Syamacharan, Mr.
 Tok Kvi, Maung.
 Yusuf Imam, Mr. M.

NOES—63.

Abdul Mumin, Khan Bahadur
 Muhammad.
 Abdul Qayyum, Nawab Sir Sahibzada.
 Ahmad Ali Khan, Mr.
 Ahmed, Mr. K.
 Ajab Khan, Captain.
 Akram Hussain, Prince A. M. M.
 Alimuzzaman Chowdhry, Mr.
 Ashworth, Mr. E. H.
 Bhone, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Bray, Mr. Denys.
 Burdon, Mr. E.
 Calvert, Mr. H.
 Clarke, Sir Geoffrey.
 Cocks, Mr. H. G.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Dalal, Sardar B. A.
 Das, Mr. B.
 Fraser, Sir Gordon.
 Ghazanfar Ali Khan, Raja.
 Ghose, Mr. S. C.
 Ghulam Abbas, Sayyad.
 Ghulam Bari, Khan Bahadur.
 Gour, Sir Hari Singh.
 Graham, Mr. L.
 Hira Singh Brar, Sardar Bahadur
 Captain.
 Hudson, Mr. W. F.
 Hussanally, Khan Bahadur W. M.
 Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.
 Jinnah, Mr. M. A.
 Kasturbhai Lalbhai, Mr.

Lindsay, Mr. Darcy.
 Lloyd, Mr. A. H.
 Mahmood Schamund Sahib Bahadur, Mr.
 Makan, Mr. M. E.
 Marr, Mr. A.
 McCallum, Mr. J. L.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Moir, Mr. T. E.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Ismail, Khan Bahadur
 Saiyid.
 Naidu, Mr. M. C.
 Pal, Mr. Bipin Chandra.
 Purshotamdas Thakurdas, Sir.
 Rajan Bakhsh Shah, Khan Bahadur
 Makhdum Syed.
 Raj Narain, Rai Bahadur.
 Ramachandra Rao, Diwan Bahadur M.
 Rangachariar, Diwan Bahadur T.
 Rau, Mr. P. R.
 Reddi, Mr. K. Venkataramana.
 Rhodes, Sir Campbell.
 Rushbrook-Williams, Prof. L. F.
 Sastri, Diwan Bahadur C. V.
 Viavanatha.
 Setalvad, Sir Chimanlal.
 Singh, Rai Bahadur S. N.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Webb, Mr. M.
 Willson, Mr. W. S. J.
 Wilson, Mr. R. A.
 Yakub, Maulvi Muhammad.

The motion was negatived.

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, I beg to move:

“That (i) in clause 2 (1) the words ‘and four annas’ be omitted.

(ii) In clause 2 (1) for the words ‘salt manufactured in or imported by land’ the following be substituted:

‘salt manufactured in any such part and two rupees per maund of similar weight of salt imported by land.’”

Mr. President: The second part of the amendment is out of order. I called the Honourable Member to move his first part, namely, reduction to one rupee.

Mr. K. Rama Aiyangar: Tⁿ en, Sir, I move only the first clause. I suggested the second clause in order to show to the House that the finances can be balanced in that way. But since that is not in my power to move, I shall confine my remarks to the first clause. If the discussion on the provision for debt redemption had taken a proper turn, I am sure it would have given the necessary amount to make up this reduction. By this cut of four annas in the salt duty the revenues of the country would be reduced by Rs. 125 lakhs. The increased consumption of salt consequent on the reduction would bring in about Rs. 25 lakhs, thus leaving Rs. 1 crore to be found by us. Even taking the full amount of Rs. 125 lakhs, I submit that the cut on which the House divided must be taken by the Honourable the Finance Member as almost a sure indication that the Assembly did not agree to the provision of Rs. 77 *plus* 24 lakhs, or Rs. 101 lakhs in respect of debt redemption. I dare say that the Honourable the Finance Member is not going to interpret that particular day's vote as an assent on the part of the Assembly to his taking away Rs. 101 lakhs and putting it unto the debt redemption. The scheme of 4 crores itself was not agreed to by the Assembly

Mr. President: We cannot go back to debt redemption. The Honourable Member must stick to salt.

Mr. K. Rama Aiyangar: I merely indicated the sources from which the Honourable the Finance Member can find this amount. If he wants to take the Assembly along with him he will reduce the provision he has made for debt redemption by Rs. 101 lakhs. That is one source. The other one that I wish to point out is even more specific according to the Honourable the Finance Member's statement. He refers to the fact that the military expenditure of the three years

Mr. President: I will allow the Honourable Member formally to move his amendment in order to take the sense of the House. He may give his reasons why he is prepared to move a reduction to one rupee and not to twelve annas, but now he is roaming over the whole of the Budget and if he continues that way I shall have to ask him to desist altogether.

Mr. K. Rama Aiyangar: I will reserve that to a later occasion. I merely wanted to show that he himself expects at least Rs. 1½ crores. Therefore it will be very proper on the part of the Assembly if it accepts my amendment.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, having given a silent vote on the two previous divisions, I feel that it is incumbent on me to explain the reasons why I chose to go into what is called the Government lobby on those two divisions. The

[Sir Purshotamdas Thakurdas.]

Honourable Mr. Jamnadas Mehta asks me whether it is necessary for me to do so. I feel much oppressed by the fact that I had to go into a lobby where expressions of opinion as construed to be those of the public are voted down, and I do feel, Sir, that I cannot give a silent vote on any other further division on this question of salt duty without expressing my views to this House. The first division for 8 annas was to my mind one which did not require any words to oppose it. If I recollect correctly, the duty of 8 annas prevailed round about the year 1840 and if anybody seriously believes that we can still to-day put back the duty to 8 annas and expect the Government to carry on the administration, all that I can say is that I beg most respectfully to differ from him.

Pandit Shamlal Nehru: What about the excise duty?

Sir Purshotamdas Thakurdas: I will come to that if my friend Pandit Shamlal Nehru will allow me to proceed.

Pandit Shamlal Nehru: I will.

Sir Purshotamdas Thakurdas: I will preface my remarks with this, that if I voted against Pandit Shamlal Nehru on the two previous divisions I voted against him with a very heavy heart but with a sound and absolutely unflinching conviction. I hope that Pandit Shamlal Nehru will allow me to submit my views for his consideration, if he wishes to consider the question with an open mind yet. The question of 12 annas would roughly mean a reduction of 2 crores in revenue. Reduction to one rupee will mean a reduction in revenue of one crore. I do not still forget what I said that in this Budget as presented by the Finance Member, if this Assembly could have run through all the various Demands for Grants in a manner which I hope will develop before very long, we might have been able to assert our views and to show to the Government where we think that the Budget concealed a bigger surplus than what was shown to us. If you remember, Sir, on the very first day, when you suggested that I had an opportunity of speaking, regarding exchange, on the Demands for Grants, I pointed out to you that it would mean helping to put more items under the guillotine and I felt that on the discussion of Demands for Grants we should only discuss, barring of course one question which the House was mostly agreed we should discuss, finance from the strictly financial and practical aspects of things. Things having turned out as they are, we did not discuss more than ten items and the rest had to come under the guillotine with the result that money has been voted by the majority of the House in spite of the cries of "Noes" of my Swarajist friends. I fully sympathise with my Honourable friend Mr. Rama Aiyangar when he says that we could have helped to put before the Finance Member a couple of crores perhaps which would have enabled us to consider the various amendments now without the embarrassment which would be put before us immediately that by reducing the tax materially in any direction you are asking us to budget for a deficit. I therefore feel that ever so willing as I may be to have the salt duty put down to one rupee or even lower, ever so willing as I may be to put down the rates of postage, etc., etc., the voting on the Demands for Grants, as it has gone through, precludes me from doing so.

Pandit Madan Mohan Malaviya: Does it?

Sir Purshotamdas Thakurdas: Yes, Panditji. It may not preclude you and you will have an opportunity of putting your view before the House. But it does preclude me from voting down any of these items of taxation.

Mr. Devaki Prasad Sinha: What about the excise duty?

Sir Purshotamdas Thakurdas: The Honourable Member is oppressed in season and out of season with the cotton excise duty. If he will remember I then prefaced my remarks with two or three things. If he is disposed to be fair he will remember that I said that if Government find that they have not got surplus enough, let them come to this House if they want it to be substituted by any other tax. I ask the Honourable Member what is the good of bringing this out to-day. However, Sir, that does not matter. Now, Sir, the Honourable Pandit Malaviya for whom I have very high respect has asked me if it does preclude me. Having considered the question of a material reduction in taxation I with all respect to him say "it does". I will tell him the mentality which prevails in my mind when I say "No" to him. I, Sir, wish

Mr. Devaki Prasad Sinha: We know that mentality.

Sir Purshotamdas Thakurdas: I am very glad that you are not the only Member in this House to control it. I, Sir, wish to say frankly the view I take of my vote on any item in this House. It is as follows. I try to put myself into the place of the person who has to run the show. (Laughter from Mr. Rangaswami Iyengar.) I submit to my Honourable friend Mr. Rangaswami Iyengar that he also might do the same.

Mr. A. Rangaswami Iyengar: I wish I could.

Sir Purshotamdas Thakurdas: Well, I am very sorry that there is that difference between him and me. I hope that he will prove himself to be in the right. I wish that every Member in this House when voting on matters of money, the sinews of war, in this case for carrying on of the civil administration I wish that every Member could take this view. What would I expect others to do if I was in the same position, and I submit that the only conclusion I can come to and that I have deliberately come to after giving the matter the most serious thought, after realizing my responsibilities to the public, after realizing the misunderstandings to which I may be exposed before the public—and I have the greatest respect for the bar of public opinion—is this. I have come to the conclusion that having voted the money for expenditure it does not lie in my mouth to make such a cut in taxation as will expose me to the charge that I am not looking at the question from a sound businesslike point of view.

Pandit Shamlal Nehru: May I ask why he forgot all about his responsibilities when the excise duty was being discussed here?

Sir Purshotamdas Thakurdas: I submit again, Sir, to the Honourable Pandit Shamlal Nehru that I did not. I am prepared to reconcile what I say here to-day with what I said on the cotton excise duty, and I offer to the Honourable Member a very respectful invitation to discuss it again. But, Sir, even these interruptions will not discourage me from the path which I conceive is the only path which I can follow. (Hear, hear.)

I, Sir, claim that I rank second to none in this House in my anxiety to have the tax on salt, the tax on every other thing that is used by the large masses and the working classes reduced as early as possible. (Mr. Devaki

[Sir Purshotamdas Thakurdas.]

Prasad Sinha: "Question?" I will give way if the Honourable Member has anything to say. (*Mr. Devaki Prasad Sinha*: "I question that.") Oh, you question that. (*Mr. R. K. Shanmukham Chetty*: "He questioned your mentality also.") I claim, Sir, that I have come here to get my way, to get the way of people who think like me by every method which is not only constitutional but which is reasonable and which I can explain to myself. If I had to vote on the Demands for Grants, on the motions for cutting out say a crore or half a crore here and there, I, Sir, should this year have weighed the scales definitely in favour of the man who wanted the greater cut. But to-day, Sir, when it comes to a question of voting the money for carrying on the administration, the expenditure of which this House has by a majority sanctioned, if there is any sacredness in the vote of this House—although I disapprove of the system of guillotine and I wish the Government would give us more days to discuss the Grants—and taking things as they are I submit that we cannot help voting the taxation which will enable the administration to be carried on.

Mr. K. Rama Aiyangar: That is the capacity of this constitution.

Sir Purshotamdas Thakurdas: I agree with my Honourable friend Mr. Rama Aiyangar, the capacity of this constitution is not great. Let us therefore either try to work it as it is or let us leave it to itself and make room for others who are willing to come in and work it. We cannot sit here and say the capacity is small and therefore we are going to take the wrong course. Let us be fair and straight about it. Either we come here to work the constitution as it is or not. I want many changes, but I am not prepared at the moment to say that I will clear out from here, and I am prepared to go out. I am prepared to give my little help, such as it may be, for the purpose of carrying on the administration in a manner that is open to me at present until we can get it changed. I therefore feel, Sir, that in spite of my greatest anxiety, in spite almost of my great partiality to get the taxation removed and reduced by any method possible, I think that I cannot resort to, I cannot agree with, I am afraid I cannot support, any motion which will expose our action in having voted the money on the Demands for Grants to the charge that we vote the expenditure but would not vote the income for it. I therefore feel, Sir, that whether it is a question of the reduction of four annas or eight annas, the question to be solved is, how is this to be made considering that we have committed ourselves to the expenditure as signified by our voting the Demands for Grants. I hope, Sir, that I have not unnecessarily occupied the time of the House, but I shall be quite willing, Sir, to learn from the views of any Honourable Member here that I am in the wrong and that the right course would be to adopt any other course than the one I adopted on the two previous divisions.

Several Honourable Members: I move that the question be now put.

Mr. President: Pandit Madan Mohan Malaviya.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I rise to make a few remarks as to what the Honourable Sir Purshotamdas Thakurdas has said regarding what would be the correct attitude for us to adopt. My Honourable friend has laid great stress upon the fact that the Demands have been voted, and has opined

that this House having voted the Demands for expenditure, it will not be proper for it to suggest a reduction of taxation, the result of which will be that the Demands which have been voted cannot be met. My Honourable friend is a business man, and I am surprised that he did not note the difference between a Demand being voted and the expenditure on that Demand being actually incurred. The mere fact that certain Demands have been voted does not mean that the expenditure on those Demands has been incurred. It is still in the power of the Government to consider whether all the expenditure that has been voted should in the circumstances of the case be incurred or be not incurred; and I submit, Sir, that that makes it possible for the Finance Member and the Government of India to still revise the whole Budget, or such portion of it as may be necessary, to consider how best to meet the wishes of this Assembly. The wishes of this Assembly have been expressed on many matters, and I am quite aware that it will not be possible for the Honourable Finance Member to give effect to the wishes of the House as they have been expressed on many questions without reduction of expenditure in some directions and without interfering with the proposed reduction of provincial contributions. But I suggest, Sir, that the Honourable Finance Member should be pleased to take into account the opinions which have been expressed in this House and revise the Budget where it may be necessary. I understand—I am not sure, I speak subject to correction—that in the House of Commons after the Budget has been discussed, the opinions expressed in the House are referred to a Select Committee to see how the Budget should be revised to bring it into conformity with the opinions so expressed. The Honourable the Finance Member shakes his head, and I take it that I am not correctly informed with regard to this matter. But I still suggest that the Honourable the Finance Member might well take the Members of this House into consultation, or at any rate that he should consult his own colleagues on the Executive Council to see how, within the amount which will be available as surplus if the Government of India will accept the views which have been expressed in this Assembly how he can best dispose of the surplus and in doing so, I hope that he will be good enough to take into account the circumstances under which the voting on motions relating to the provision for reduction of debt took place. I hope, Sir, that the Honourable Finance Member might yet feel inclined to reduce the amount provided under that head by a crore and 5 lakhs. If he should take that view the surplus which would be available will of course be much larger. I fully see that even if that is done all the recommendations which are going to be placed before him cannot be given effect to. I see that but I submit that if there is a strong feeling in favour of the reduction of the salt tax by 4 annas per maund, that fact also should be taken into account. The matter for him to consider then will be whether it should be the salt tax which should be reduced or whether the postal rates should be reduced or what other taxation should be reduced within the amount which will be available to him. I do not think that there is any constitutional difficulty in the way in voting upon this question. If this is a general feeling that there should be a reduction of 4 annas per maund in the salt tax, as that will bring relief to the largest number of people in this country, I say that that is a matter which should certainly receive the consideration of the Assembly and the Government. And in that view, Sir, I submit that any Member who feels that the Government should be requested to consider the alternative proposal for the reduction of taxation on salt is perfectly

[Pandit Madan Mohan Malaviya.]

entitled to vote in favour of the motion before the House, there will be nothing wrong in doing so. It will certainly not mean that we want to embarrass the Finance Member. We only mean to place before the Government the different views which are held on the different proposals for the reduction of taxation. After having all these opinions before them the Government will be in a better position to see how best to adjust their budget. It is open to the Honourable the Finance Member to do so if he wishes to do so. There is no constitutional difficulty that I see in his way. It is in that view that I question the correctness of the view expressed by my Honourable friend Sir Purshotamdas Thakurdas on this question.

Several Honourable Members: I move that the question be now put.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhamadan Urban): Sir, I quite appreciate the nervousness of my friend Sir Purshotamdas Thakurdas to set himself right with public opinion. He has voted on two occasions, on the 8 anna reduction and the 12 anna reduction, against the popular view and he feels he is called upon to explain why he did so. I do not know what he is going to do on the present occasion. He has not signified his intention. (*Sir Hari Singh Gour*: "He has. He says he is going to oppose it.") I thought he was open to conviction.

Sir Purshotamdas Thakurdas: I am always open to conviction right up to the time the division bell rings.

Pandit Motilal Nehru: I am very glad to hear that. I am glad that even the hard test which my Honourable friend Sir Purshotamdas Thakurdas has laid down for himself is fully satisfied in the case of every Swarajist in this House. Every Swarajist in this House has voted against the expenditure which my friend says that the House

Sir Purshotamdas Thakurdas: The Honourable Member will remember I said so myself.

Pandit Motilal Nehru: That is why I say that even if the test proposed by my friend is to be applied, it can only apply to Members who are not Swarajists.

Sir Purshotamdas Thakurdas: If the Honourable Member will not mind my interrupting him may I ask him if he will agree that, if the Swarajists had voted for the Demands for Grants, my argument stands.

Pandit Motilal Nehru: It will not stand at all. But I begin by saying that assuming that his is a good test, quite a valid test, it does not apply to the Swarajists. They will not be doing their duty and they will not be consistent if they do not vote in support of this reduction.

Now, coming to the merits of that test, I say that I do not agree with my learned friend. What is the principle that he relies upon. The principle is this. This House has voted certain expenditure. It will be wholly unreasonable for this House not to find the supplies for that expenditure. My Honourable friend added the remark that if he had been in the position of the Finance Minister he would consider it necessary that these supplies should be given.

Sir Purshotamdas Thakurdas: On the voting of the grants as it takes place.

Pandit Motilal Nehru: Now, Sir, I should have been glad if my friend Sir Purshotamdas Thakurdas had the ambition to take the Finance Member's place a little earlier in the debate, that is to say, when he was arguing, and most effectively arguing, in this House that the Finance Minister has cores lying by here, there and everywhere. I wish him to take the place of the Finance Member for all purposes and not only for the purpose of finding supplies. I have no doubt whatever, Sir, that even amongst us, the Swarajists, there are men who, if the balancing of the Budget is left to them, would probably make the two ends meet without any salt duty at all. It is most unfair to argue that because the House has voted so much expenditure, therefore the House must also vote supplies. Now, Sir, the supplies and the expenditure both have to be controlled. It is expecting us to close our eyes and then dash forward to the place where you want us to go. For that reason I say the analogy of my friend is quite incomplete. What about the 80 per cent. of the expenditure in this Budget which is non-votable? Has it the sanction of this House?

The Honourable Sir Basil Blackett: 80 per cent.?

Pandit Motilal Nehru: Nearly.

The Honourable Sir Basil Blackett: A little over 50.

Pandit Motilal Nehru: After the separation of the Railway Budget. Now it will be something like 52 or 53 per cent., nearer to 50 than 45 any way. Anyhow keeping this circumstance before us, that there is 50 per cent. of the Budget as to which we cannot say a word, how is any one able to say that we have passed the expenditure and must find the supplies? That is the reason why I voted for the reduction to 8 annas, that is why I voted for the reduction to 12 annas, and that is why I and my party are going to vote for the reduction to one rupee. I must say one word as to the speech of my friend the Honourable Pandit Malaviya. I do not associate myself with the appeal *ad misericordiam* he has made to the Finance Member. I do not care whether the Finance is embarrassed or not; I do not care whether he can carry on the Government or not. No taxation unless our grievances are redressed, and again I rely upon the doctrine of no supplies before grievances.

The Honourable Sir Basil Blackett: Sir, I wish only to say a few words in this debate which has rather unexpectedly arisen. As regards the Honourable Pandit, his position is perfectly clear. He wishes to make restoration by and with the consent of the Swaraj Party a normal part of our constitution

Mr. A. Rangaswami Iyengar: Until it disappears.

The Honourable Sir Basil Blackett: Until the Swaraj Party disappears. That is not the view taken by the majority in this House. The view taken by the majority in this House is, whatever grievances they may have against this constitution, they are here to try and work it until it becomes a better constitution, and to try and induce the Government to move faster than perhaps the Government may think fit, but they are here to work the constitution. Sir Purshotamdas Thakurdas in a very courageous way stood up to justify the vote which has been given by him and his party in regard to the salt tax

Mr. M. A. Jinnah: May I point out to the Honourable Member that it was not made a party question so far as the Independent Party is concerned.

The Honourable Sir Basil Blckett: I will speak only in regard to Sir Purshotamdas. He knows, as every Member in this House knows, that the salt tax has been a political cry for a considerable time, that to vote for the salt tax is to give a vote that will be misinterpreted, and deliberately misinterpreted, throughout the constituencies. Therefore, I think it is a courageous action to get up and justify that vote in this House, although I believe every Member in this House knows in his heart that the unkindest thing you could do for the poor people of this country would be so to cut the salt tax as to increase the difficulties of remitting the provincial contributions.

I do not wish to revive an old controversy but I will point out to the House that if the salt tax were Rs. 2-8-0 there would probably be no provincial contributions this year; and I believe you will do far more at the existing stage of India's educational development by giving money to the provinces to spend on education than you can possibly do by the remission of a tax which I believe is an essential and just portion of our present system of taxation, the effect of which remission will be to put an infinitesimally small sum, invisible to the recipient, into the pockets of the people whom you are failing thereby to provide with educational opportunities and sanitation. The doctrine that was put forward by Sir Purshotamdas Thakurdas is, I think, entirely the correct one. In dealing with the Budget the House has two functions. The first is to vote supply and the other to vote ways and means. That is the constitutional position as it is understood in the House of Commons. I would point out that in the House of Commons the system is that the greater part of supply comes after ways and means and to a very large extent the Government's estimates are accepted, subject to some criticism on details, as being the best estimates that can be framed of the probable expenditure of the year. They come under discussion week after week in the course of the session even after the Finance Bill has been passed into law. Ways and means are dealt with separately and supply, as it is called, that is voting the Demands for Grants, is an opportunity both for questioning details of the estimates and for raising general discussions of policy such as have been raised in the House during the last week. I would ask Honourable Members once more to put themselves in the position of the Finance Member. The Finance Member is responsible for the estimates that are put before this House. They have run the gauntlet of the Finance Department's scrutiny; they have been cut down wherever possible by the Finance Department. They are put before the House as the best estimates, given the policy, that the Finance Department can frame of the probable expenditure of the year. Now you cannot take up estimates of that sort and make large cuts in them in the way that has been suggested by my Honourable friend Mr. Rama Aiyangar or Pandit Madan Mohan Malaviya. Certainly you may question a policy and point out that if a certain policy is not pursued a certain cut in expenditure might be obtained. You can point out that the Government may have a tendency to overestimate, that they have overestimated, and call upon them to justify their estimates of expenditure. But it is an impossible position to put the Finance Member in to say that he will bring forward estimates in which he can afterwards make large cuts. (*Mr. A. Rangaswami Iyengar:* "That answers Sir Purshotamdas Thakurdas.") I do not agree with Sir Purshotamdas that large cuts can be made in this way; but I do agree with him when he says that having voted the supply it is up to the House to vote the ways and means. If they do not agree with the taxes proposed by the Government, it is up to them to put forward a suggestion for a substi-

tute there and then or to leave the matter till next year. I cannot too strongly urge upon the House the importance of coming to a right decision in matters of this sort. It is easy enough to create prejudice against a tax and against a person who votes for a tax; but it is a much more statesman-like thing and much more compatible with the responsibility of Members of this House to the people of this country (*A Voice*: "We have no responsibility") that they should weigh the value of every vote they give and see that in giving that vote they are doing the best within their lights for the interests of the people of India.

Several Honourable Members: I move that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted.

Mr. President: The original question was :

"That clause 2 stand part of the Bill."

Since which an amendment has been moved :

"That in clause 2 (1) the words 'and four annas' be omitted."

The question is that those words be omitted.

(While the division bell was ringing.)

Sir Purshotamdas Thakurdas: I want to make a personal explanation, Sir, regarding one question from the Honourable Pandit Motilal. He asks me, as he put it, why I did not take the place of the Finance Member earlier in the discussion on the Budget. May I remind him that I was one of those who criticised the Honourable Finance Member strongest on the Budget, but the Demands for Grants having been voted by the House 2 P.M. the position changes, as explained by me earlier.

The Assembly divided :

AYES—61.

Abdul Karim, Khwaja.
 Abhyankar, Mr. M. V.
 Abul Kasem, Maulvi.
 Acharya, Mr. M. K.
 Ahmad Ali Khan, Mr.
 Aiyangar, Mr. C. Duraiswami.
 Aiyangar, Mr. K. Rama.
 Ariff, Mr. Yacoob C.
 Badi-uz-Zaman, Maulvi.
 Bhat, Mr. K. Sadasiva.
 Chaman Lall, Mr.
 Chanda, Mr. Kamini Kumar.
 Chetty, Mr. R. K. Shanmukham.
 Datta, Dr. S. K.
 Duni Chand, Lala.
 Dutt, Mr. Amar Nath.
 Ghose, Mr. S. C.
 Ghulam Abbas, Sayyad.
 Goswami, Mr. T. C.
 Hans Raj, Lala.
 Hari Prasad Lal, Rai.
 Ismail Khan, Mr.
 Iyengar, Mr. A. Rangaswami.
 Jeelani, Haji S. A. K.
 Joshi, Mr. N. M.
 Kazim Ali, Shaikh-e-Chatgam Maulvi
 Muhammad.
 Kelkar, Mr. N. C.
 Kidwai, Shaikh Mushir Hcsain.
 Lohokare, Dr. K. G.
 Makan, Mr. M. E.
 Malaviya. Pandit Madan Mohan.
 Mehta, Mr. Jamnadas M.

Misra, Pandit Shambhu Dayal.
 Misra, Pandit Harkaran Nath.
 Murtaza, Sahib Bahadur, Maulvi
 Sayad.
 Mutalik, Sardar V. N.
 Narsin Dass, Mr.
 Nehru, Dr. Kishenlal.
 Nehru, Pandit Motilal.
 Nehru, Pandit Shamlal.
 Patel, Mr. V. J.
 Phookun, Mr. Tarun Ram.
 Piyare Lal, Lala.
 Rajan Bakhsh Shah, Khan Bahadur
 Makhdum Syed.
 Ranga Iyer. Mr. C. S.
 Ray, Mr. Kumar Sankar.
 Reddi, Mr. K. Venkataramana.
 Sadiq Hasan, Mr. S.
 Samiullah Khan, Mr. M.
 Sarda, Rai Sahib M. Harbilas.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Singh, Mr. Gaya Prasad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Sinha, Kumar Ganganand.
 Syamacharan, Mr.
 Tok Kyi, Maung.
 Venkatapatiraju, Mr. B.
 Yakub, Maulvi Muhammad.
 Yusuf Imam, Mr. M.

NOES—56.

Abdul Mumin, Khan Bahadur
Muhammad.
Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Alimuzzaman Chowdhry, Mr.
Ashworth, Mr. E. H.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Bray, Mr. Denys.
Burdon, Mr. E.
Calvert, Mr. H.
Clarke, Sir Geoffrey.
Cooke, Mr. H. G.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Dalal, Sardar B. A.
Das, Mr. B.
Fraser, Sir Gordon.
Ghazanfar Ali Khan, Raja.
Ghulam Bari, Khan Bahadur.
Gour, Sir Hari Singh.
Graham, Mr. L.
Hira Singh Brar, Sardar Bahadur
Captain.
Hudson, Mr. W. F.
Hussanally, Khan Bahadur W. M.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Jinnah, Mr. M. A.
Kasturbhai Lalbhai, Mr.

Lindsay, Mr. Darcy
Lloyd, Mr. A. H.
Mahmood Schammad Sabib Bahadur,
Mr.
Marr, Mr. A.
McCallum, Mr. J. L.
Mitra, The Honourable Sir Bhupendra
Nath.
Moir, Mr. T. E.
Muddiman, The Honourable Sir
Alexander.
Muhammad Ismail, Khan Bahadur
Saiyid.
Naidu, Mr. M. C.
Pal, Mr. Bipin Chandra.
Purshotamdas Thakurdas, Sir.
Raj Narain, Rai Bahadur.
Ramachandra Rao, Diwan Bahadur M.
Rangachariar, Diwan Bahadur T.
Rau, Mr. P. R.
Rhodes, Sir Campbell.
Rushbrook-Williams, Prof. L. F.
Sastri, Diwan Bahadur C. V.
Visvanatha.
Setalvad, Sir Chimanlal.
Singh, Rai Bahadur S. N.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Webb, Mr. M.
Willson, Mr. W. S. J.
Wilson, Mr. R. A.

The motion was adopted.

Clause 2, as amended, was added to the Bill.

The Assembly then adjourned for Lunch till Five Minutes Past Three of the Clock.

The Assembly re-assembled after Lunch at Five Minutes Past Three of the Clock, Mr. President in the Chair.

Mr. President: I understand that on clause 3 the Honourable the Commerce Member wishes to take the general debate on the change proposed to be made in Schedule I together with clause 5. We will get on with clause 8.

The Honourable Sir Charles Innes: My suggestion, Sir, was that we should take clause 5 of the Bill and items 2 and 3 of Schedule I together.

Clauses 3 and 4 were added to the Bill.

Mr. M. A. Jinnah: Sir, in this case I understood that the amendment stood in the name of Mr. Devaki Prasad Sinha and I only tried to look at it more from the legal point of view. Therefore, Sir, I think that, with your permission, Mr. Devaki Prasad Sinha might move his amendment and then, if there is any question of drafting, I might speak on it later.

The Honourable Sir Charles Innes: There is a motion for clause 5 being omitted.

Mr. President: A motion to omit a clause is not the proper form: the question here is put the other way round, namely, that clause 5 stand part of the Bill.

Mr. Devaki Prasad Sinha: May I move my amendment? Sir, I move the amendment which is No. 11 on the list:

"That in Schedule I to the Bill, the proposed amendment No. 3 to Schedule II to the Indian Tariff Act, 1894, be omitted and the subsequent amendments be renumbered accordingly."

Mr. President: The question before the House at this moment is that clause 5 stand part of the Bill. I cannot at the present moment put the question that the Schedule stand part of the Bill. I understood that it was the general desire that the debate upon the question arising out of clause 5 and items 2 and 3 in Schedule I should be taken together. We have passed clause 3.

The question now is that clause 5 stand part of the Bill.

Mr. Devaki Prasad Sinha: Sir, may I ask what the effect of that will be? Supposing after the clauses are disposed of we take up the paragraphs in the Schedules and the amendment to Schedule I is passed, then clause 5 will be entirely useless.

Mr. President: If there are amendments to the Schedule and these amendments were carried, clause 5 would be affected. It is therefore in order to explain on clause 5 the effect of any amendment either of the clause itself or of the pertinent items in the Schedule.

Mr. Devaki Prasad Sinha: May I speak on clause 5, Sir? My objection to clause 5 applies equally to paragraphs 2 and 3 of Schedule I. I would state my objections very briefly. It is proposed to bring the duty on motor spirit, whether imported or produced in this country, to a uniform level of 4 annas per gallon. Now, Sir, I quite appreciate the value of motor industries and of making it convenient to carry on motor trade and manufacture. I also realise that it is essential for a proper development of trade and manufacture in this country to introduce easy means of transport. But, Sir, what I desire to bring to the attention of this House is this, that the manufacture of motor spirit and petrol in India is, as it is in most of the other countries of the world, in the hands of a few capitalists who have entered into a big combine or ring or trust. Well, Sir, the ordinary law of economics in regard to prices does not apply in such cases. When prices are regulated by monopolists or by owners of trusts they go by certain well-defined formulæ which suit their interests. Prices in the case of an article manufactured by monopolists is not regulated by the ordinary laws of supply and demand that govern the markets of the world. (*Mr. K. Ahmed:* "Why not form a limited company from the Swaraj Fund?") Therefore, my first objection to this is that if we reduce the duty to 4 annas per gallon, it would neither affect the price of petrol sold in India nor would it bring about any improvement in the means of transport or trade. It may be contended, Sir, that the reduction of the duty to 4 annas will enable the monopolists to bring down the price of petrol to about 2 annas per gallon. But I would again submit

[Mr. Devaki Prasad Sinha.]

that the monopolists in regulating the price of their products are guided not by the cost of production nor by the ordinary principles of demand and supply for the article produced by them, but they are guided by their own principles. Therefore by reducing the tax on petrol to 4 annas at present, we shall be undergoing a loss in our revenue, howsoever insignificant it may be, without bringing any appreciable advantage to the consumers. Secondly, Sir, what is more important is this. I want to know whether Government think it at all desirable at the present moment to bring about some kind of public control over these big monopolists and trusts that regulate and control the supply of motor spirit in India. If we examine the figures of the price of petrol in this country as well as in other countries, a very curious fact would arrest our attention and that curious fact is this, that Indian petrol, which goes to some other countries, sells cheaper there than in India. As a matter of fact, the cost of production of petrol either in India or in the United States is much less than the price which the producer gets for one gallon of petrol. It is all due to a vicious combination for the purpose of exploiting the consumer of motor spirit. Not only we in India but people in France, in the United States of America, and even in England are suffering from the vicious effects of the big trusts and combines that control the manufacture and the supply of petrol. I submit, Sir, that the Government will be failing in their duty if they do not introduce some measure of control over those manufacturers, over those monopolists who at present exploit to their hearts' content the consumers of petrol and motor spirits. I understand from a book that is in my hands, that the question was raised in the year 1915 by the Board of Revenue who suggested something to the India Office. But so far no serious attempt has been made to tackle this problem. It is a public nuisance if we allow these monopolists, these trusts and combines to grow into such enormously powerful bodies so that they can at their own sweet will regulate the price of petrol and motor spirit and also regulate the supply of petrol in India. The very fact that Indian petrol sells cheaper in other countries than it does in India is a thing which needs inquiry and careful examination. I submit there is absolutely no case for reducing the tax on petrol and motor spirits. (Mr. K. Ahmed: "Why not send up a memorial?") The sending of memorials is your business and not ours.

Colonel J. D. Crawford (Bengal: European): Sir, while I sympathise very much with the motive of my Honourable friend, Mr. Devaki Prasad Sinha in drawing attention to the possibility of combinations working off at the cost of the consumer, I think we want to remember that the monopolists have quite recently brought down their petrol by at least 6 annas a gallon. Whilst I think Government should do all they can to get the oil combines in Burma to give special consideration to the particular needs of India, and whilst we might appeal ourselves to them on those grounds, I do not feel that it exactly enters into the question of the present reduction of the excise duty by two annas.

Now, Sir, what was the origin of the introduction of this particular duty? If I may turn up Mr. Darcy Lindsay's speech on the Budget last year.—and I think that we have much to thank Mr. Darcy Lindsay for for his advocacy of a reduction of this excise duty on petrol, which has at last been taken notice of by Government,—the following are the reasons which

are given in his speech for the increase in the excise duty which was put on. He said :

" This duty was, as the House is aware, introduced purely as a War measure and has remained as a tax for revenue. In his reference to this tax in his Budget speech of 1917, the then Finance Member, the late Sir William Meyer, said :

' The imposition of an excise duty of six annas a gallon with a like addition to the customs duty on imports were taken at the request of His Majesty's Government in order to conserve the supply as far as possible for war purposes and economize freight.'

That was the sole reason for the imposition of the tax."

Now the war is gone and yet we find that the small industries in this country which use motor fuel and the motor transport in this country are still handicapped by the retention of this additional excise duty and I think that it was the duty of Government to have taken off this duty long ere this. The object of that particular duty was to restrict consumption and if you take it off your consumption of petrol will increase and your revenue from excise even at the lower scale will probably counterbalance your loss. Even if the excise on the petrol does not do so, the additional stimulus given to the motor trade will lead to a higher customs receipts on motor cars, tyres and the accessories of the motor industry. As regards the export duty, I would like to point out to the House that the sole quantity of petrol imported into the country in the ten months, from the 1st April to the 31st January, is only 3,486 gallons. We therefore need hardly take any notice at all of the reduction in the import duty on motor spirit. Now, Sir, I hold that this reduction of two annas is a business proposition. It is going to lead to an increased consumption of petrol. It is going to lead to increase in the import of motor cars, of motor accessories and instead of causing us any loss of revenue is actually going to prove remunerative to us. There are those who say that this duty will, if it is taken off, benefit the rich man. I presume Members of the House know what their monthly consumption of petrol is. Shall we say 20 gallons? And, the rich man is therefore going to get a benefit of 40 annas a month, which is not of any account from his particular point of view. Therefore you can wipe it out as a question of any benefit to the rich man but what we are asked to-day is to encourage motor transport in this country. We are going to add to our means of transportation which must assist in the development of this country. As I have gone through the mufassil I have realised that gradually the motor buses are beginning to run into the villages and into the country and that anything that we can do which will assist the expansion of motor transport in the country is very much to the benefit of the people. In addition to that you have also this question of your small industry which uses motor fuel. They are the people who are going to benefit to a very great extent, and I know this House is very much in favour of doing all they can to help the small industry. A large portion of your petrol consumption is already due to various departments of Government. The Army for instance takes 6½ lakhs of petrol per annum. The Post Office takes a similarly large quantity and any reduction in excise will therefore bring back money into our own pockets in the shape of reduction in expenditure under various Government departments. It is on these grounds that this slight reduction, slight though it is, is going to be the beginning in the direction of assisting an industry which is going to help in the expansion of the means of transport in this country. I would therefore urge the House to accept it as it stands as a benefit to the masses in India in the long run.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): Having cast my vote on the last occasion against the further reduction of the salt duty, it ill becomes me to support this motion on behalf of Government to surrender any portion of their revenues which they now have got at their disposal. The view I take of this matter is this. Our attempt should be that the central revenues should be made to stand on their own legs and should not be made to depend upon provincial contributions or such other extraneous aids. At the time the provincial contributions were fixed, there were certain definite sources of central revenue which were taken into account in fixing the contribution of the provinces. The underlying idea was that directly the central revenues are sufficient to meet the expenditure of the Central Government, the surplus should firstly, secondly and lastly, as my Honourable friend Sir Purshotamdas Thakurdas put it, go to relieve the provincial contributions. That being the central point of view I opposed the reduction of the salt duty from Rs. 1/4 to Re. 1 because I felt that the immediate effect of that vote would be to divert the surplus the first time it is available to purposes for which it was not intended.

Mr. A. Rangaswami Iyengar: Was there a Rs. 2/8 salt duty when the provincial contributions were fixed?

Diwan Bahadur T. Rangachariar: Certainly not. The duty was Rs. 1/4 at the time the provincial contributions were settled. So it was on that basis that the Meston Award was made; it was on that basis the central revenues were settled; it was on that basis the provincial contributions were fixed. Sir, I was the first to raise my voice against the enhancement of the salt duty, and it was on my motion that the Rs. 2/8 was reverted to Rs. 1/4. Sir, beyond that I am not prepared to go, whatever my view may be as to the vicious nature of the salt duty. Sir, we must wait for another occasion to reduce the salt duty. What is our first duty? Have our votes here in this House any meaning? That is the question I wish to put myself before I record my vote: I do not cast my vote in one way in the hope or expectation that Government will not act on it. Sir, I am sorry I was premature in taking upon myself the responsibility of thanking the Government of India for promising the substantial reduction of the provincial contributions this year. I find I was mistaken. I thought I was voicing the feelings of my fellow representatives from my province when I thanked the Government of India in that respect. My first duty I therefore felt was that, as soon as any surplus is made available, it should go towards the relief of the provinces. Sir, last year my Honourable friend Mr. Moir twitted me with giving up my province and opposing the Government proposal to fix the salt duty at Rs. 2. I did so, Sir, because there the Government were proposing to enhance the salt duty from Rs. 1/4 to Rs. 2.

Mr. T. C. Goswami: On a point of order, Sir, Are we dealing with the salt tax?

Diwan Bahadur T. Rangachariar: Sir, I think my Honourable friend might leave me to myself as to the questions which I think relevant to the argument in support of the position I take up. Sir, the position now is this. These central revenues are there. You have no right to disturb them; that is the view I take. You have no right to disturb them as they stood at the time of the Meston Award till you have got rid of the provincial contributions. This is an attempt to disturb the central revenues in that

direction. Whatever may have been the nature or the origin of the imposition of this duty, at the time the Meston Award was made these duties existed and they must remain till the provincial contributions are discharged. Sir, I wish to know from the Honourable the Finance Member what the result of the last vote may mean in respect of the provincial contributions, whether it is going to endanger the relief to the provincial contributions or if it has already endangered it. I do not like to take the further unpopular step of opposing the reduction of postal rates, but my present inclination is not to support the motion to reduce post-cards to the three pies rate; because my feeling is, whatever may be the probabilities which may arise in the course of the year on account of expansion of revenues or on account of reduction of expenditure—the point of view I take is, I should first consider what will be the immediate result of my vote. If I record my vote in favour of that reduction, that means that it reduces the available surplus. That means endangering the provincial contributions. (*Mr. A. Rangaswami Iyengar.* “Not necessarily.”) Well, my Honourable friend says not necessarily. Does he expect the Government to restore the salt duty to Rs. 1/4? He says he expects the Government to cut their coat according to their cloth? We do not expect the Government of India to cut their throat. I do expect also, I do honestly and earnestly expect the Government of India to cut their coat according to their cloth. That is what we have been trying to help them to do. (*A Voice:* “No.”) If we have not succeeded in that attempt, and if I have failed in that attempt, I daresay my Honourable friend, Mr. Misra who cries “No” might succeed better if he really threw his heart into that work. But he does not do it. He merely goes to the lobby. That, Sir, is another province of our work. I must now consider what is the immediate effect to be produced on the surplus. My Honourable friends say, why should not the Government of India adopt this method or that other method. Take my Honourable friend, Mr. Rama Aiyangar. He proposes the transfer of this sum or that sum from revenue to capital. He says, ‘Reduce expenditure here, retrench expenditure there, and make another Budget for the year! Sir, that stage is passed, the stage of fixing the Budget, framing the Budget, has gone now. For the year 1925-26 we have to proceed upon the Budget as it has been passed I take it by the vote of this House. (*A Voice:* “Not by my vote.”) That is all right, by our vote. But I cannot disclaim my responsibility in the way, in the manner, in which my Honourable friend has done it. I do admit that I was a party to the passing of the Budget and I admit therefore my responsibility for finding ways and means to see that that Budget is maintained. That is the view I take of it, and therefore I feel, Sir, strongly—and my feeling is sincere and strong about it—that the provinces require relief at once. I do not want to record my vote for any reduction of revenue in any direction. If my friend, the Honourable Sir Basil Blackett, whom I heard to say, immediately after the last vote was announced, that the remission of the provincial contributions must go, is going to stick to that, then, Sir, let me also have the credit of voting for a popular verdict although I have voted for the unpopular side in connection with the salt duty. If there is going to be any disturbance of the arrangements for the provincial contributions, then let me vote at once for the popular side and earn cheap popularity. I am here to exercise my responsibility according to my judgment, and that judgment tells me that I should not do anything this year which will endanger the remission of the provincial contributions; but if it is already endangered by the last vote, I wish to take the liberty of changing my mind in that direction. Sir, I oppose the clause.

The Honourable Sir Charles Innes (Commerce Member): Sir, I suggested to you that we should take the motor spirit duties as a whole because I feared that if we took these individual amendments one by one, the House would not really understand the position. I should just like to explain very briefly what the present position is. Under section 3 of the Motor Spirits Act we charge an excise duty of annas 6 per gallon upon motor spirit produced in India. Under section 6 of that Act that excise duty is charged on motor spirit imported into the country in addition to any import duty which we levy under the Tariff Act. Under the import Schedule to our Tariff Act we charge an import duty of $2\frac{1}{2}$ annas per gallon; and therefore the present position is that in respect of our motor spirit produced in India we have a duty of six annas per gallon, and upon motor spirit imported into India, we have an excise duty of 6 annas per gallon *plus* the import duty of $2\frac{1}{2}$ annas per gallon, or a total duty of $8\frac{1}{2}$ annas per gallon in all. Now the object of the amendment which the Government put up was to reduce the excise duty on spirit produced in India to four annas a gallon and so to amend our law that the spirit imported into India should also pay four annas a gallon, *i.e.*, it should pay exactly the same as locally produced spirit pays. Now the reason why we made that proposal is this. As Colonel Crawford pointed out, we get no revenue at all from the import duty on imported motor spirit. The fact of the matter is that with that $2\frac{1}{2}$ annas per gallon duty in addition to the excise duty, foreign motor spirit cannot come into India and compete with the locally produced spirit. Therefore we get practically no revenue at all from that duty. And also I think the House will agree with me that there is no reason why we should give the locally produced spirit the additional protection of the $2\frac{1}{2}$ anna per gallon duty. I think the House will agree with me that probably it would be a good thing for India if foreign spirit could come into this country and compete with the locally produced spirit; the consumer might then benefit. I think I have shown that this import duty serves no purpose in the way of getting revenue and that there is no reason why we should have any protective duty. That is the reason why we proposed that the excise duty and the import duty should be precisely the same. Whether the House accept our proposals to reduce the excise duty from 6 annas to 4 annas or not,—I admit that this is an arguable proposition,—I think they will agree with me that at whatever rate we fix the excise duty, we should fix the import duty at the same rate and that imported spirit should not pay in addition to import duty excise duty also. That is the first proposition I have to put to the House.

Now, if Mr. Rama Aiyangar's proposal to omit clause 5 of this Bill were adopted as it stands, and if no other amendment were made in the Bill or in the Schedule, the effect would be that locally produced motor spirit would pay an excise duty of 6 annas and that imported spirit would pay an excise duty 6 annas *plus* the import duty proposed in our Bill of 4 annas, altogether 10 annas. It is dangerous to take these amendments individually and that is why I am asking the House to look at this problem as a whole.

I now come to our proposal to reduce the excise duty on motor spirit from 6 annas to 4 annas and to fix an equivalent import duty. It has been represented that the proposal benefits the rich man rather than the poor. It has also been represented that we are throwing away the money which we can ill afford to spare. Now, Sir, in the Commerce Department of the Government of India we did not look at the problem in this way.

We did not have any intention of conferring any benefit upon the rich man rather than the poor. We were looking at this as a commercial problem connected with the state of the motor trade in this country. Now, I would ask the House to remember what we have done to the motor trade since 1921. Since 1921 we have increased the duty on motor cars from $7\frac{1}{2}$ per cent. to 30 per cent. We have increased the duty upon motor lorries from $7\frac{1}{2}$ per cent. to 15 per cent. We have increased the duty upon tyres and tubes from $7\frac{1}{2}$ per cent. to 30 per cent. and in addition we have this excise duty of 6 annas per gallon upon petrol. In this connection I should just like to correct a slight mistake made by Colonel Crawford. It is quite true that in 1917 the motor spirit duty was put on purely as a war measure. But it was put on for a limited time. And I think it was in 1919 or 1920 that the duty was definitely continued by the Legislature because the Legislature at that time could not afford to give up the revenue which it brought in. So, it is not correct to say that we are keeping on a duty which was imposed purely and solely for war purposes. As I have said just now, we have, owing to the exigencies of our financial position, been compelled since 1921 to impose very heavy burdens upon motor spirit; and in this House and elsewhere representations have been made to us continuously for the last two or three years to do something to relieve the burden which we have put upon that unfortunate trade, and we have been considering in what way we could help the trade. We decided that we could not reduce the duty upon motor cars. I do not say a motor car is a luxury, but it is a fact that people who keep motor cars can afford to pay taxes, and we did not feel justified in reducing merely the duty upon motor cars. But we decided that we could help the trade without hurting ourselves at all by reducing the petrol duty. We discussed the question very carefully in July 1923, and we were then informed on expert authority that we should not do any real good unless we could bring the price of petrol down by 8 annas a gallon. We were told that if we could bring the price of petrol down by 8 annas a gallon, we should probably stimulate consumption and stimulate other branches of the motor trade so much that we should not lose money, except possibly temporarily. That was the reason why at this time last year we proposed to make a beginning by a reduction on motor spirit. Since then the position has developed. As Colonel Crawford pointed out, the price of motor spirit in India has come down by upwards of 6 annas a gallon, and if the House accepts this proposal of mine to reduce the motor spirit duty from six annas to four annas, we shall have effected that reduction of 8 annas a gallon in the price of petrol which we were informed would stimulate the motor trade.

Mr. Darcy Lindsay: Has there been any increase in the consumption of petrol since the reduction in sale price by six annas?

The Honourable Sir Charles Innes: The effect, as my figures of consumption show, of all the duties we imposed upon the motor trade reduced the consumption, or at any rate checked the growth in the consumption of petrol for a time, and that as the result partly of the reduction in price of petrol, and partly in the reduction in the price of cars, and of tyres and tubes, the consumption of petrol has begun to pick up again.

Mr. A. Rangaswami Iyengar: May I know how much revenue you are likely to drop by this reduction?

The Honourable Sir Charles Innes: I am coming to that. I said just now that the motor trade shows signs of being stimulated. We get these signs in the increased import of motor cars. We get the signs in the

[Sir Charles Innes.]

beginning of the increase in the consumption of motor spirit, to which I have just referred, and what is an important factor in the situation, we have another sign in the very largely increased import of motor lorries. In the first 10 months of this year up to January last, we have imported no less than 1,776 motor lorries. In the corresponding period last year the figure was 818 and the year before it was 436, and in the year before that it was 373. That is why we decided to propose this further reduction of 2 annas in the motor spirit duty. We thought, coupled with the reduction in price which has already taken place, we should bring the price of petrol down by that figure of 8 annas to which we attach importance for the reason I have already given. We were satisfied that, by doing that, we should stimulate the motor car trade generally, and the consumption of petrol in this country. We were satisfied, and to this I attach very particular importance, that this reduction would do considerable good to the motor transport companies and the motor-bus companies which are springing up more and more all the country over. It is perfectly true that, as Colonel Crawford said, to the ordinary motor car owner this reduction will only mean something like Rs. 25 to Rs. 40 a year; but this reduction of 2 annas per gallon coupled with the reduction in price which has already taken place will mean a very great deal to the motor-bus companies and motor transport companies all over India. We are satisfied—at least we hope—that by this reduction in the duty though we sacrifice, we estimate, about 15 lakhs in the current year, yet that sacrifice in revenue will only be temporary. We do not regard our proposal as of benefit to the rich man only. We regard it purely as a business deal. We do not believe it is right to have your taxes any higher than would bring in the revenue you require, and we are satisfied we shall recover the revenue we are temporarily giving up not only by the increased consumption of petrol but also by the increased consumption of tyres, tubes, etc., and increased imports of motor cars. Every motor car that comes in pays a 30 per cent. duty; the same with every tyre and every tube; and looking at the problem as a whole in that way, as I say we are proposing this reduction because we are satisfied that it is purely a business deal; that the sacrifice of revenue which we estimate at 15 lakhs in the current year will be purely temporary and that in the course of probably not more than two years we shall recover all the revenue we have lost not only by increased consumption of petrol but also by an increase in our receipts from the duty on motor cars and motor tyres and tubes. That, Sir, is my case; but I do put it to the House that whether or not they accept our proposal to reduce the excise duty from 6 annas to 4 annas, they will accept our other proposal that the import duty should be the same.

***Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, whatever might have been my inclinations before this House recorded its vote on the reduction of the salt duty, it would have been impossible perhaps for the Honourable Sir Charles Innes to impress me with his arguments more. But on those grounds I have heard him, Sir, with great attention and I quite agree that this tax was never intended to be permanent and I quite agree that the motor car business, the motor trade, is in a very depressed condition and already heavily taxed in the way of duty on the cars and tyres and tubes and various other articles and accessories. But,

*Speech not corrected by the Honourable Member.

Sir, we have got to consider our provision for this year and, however much I may agree with this desire that the motor car trade should be given early relief, I feel I am compelled to oppose this proposed reduction. Sir, we have already, as I said, reduced the salt duty and that I believe will take away something like between 50 and 60 lakhs. (*Diwan Bahadur T. Rangachariar*: "1 crore and 20 lakhs.") My Honourable friend will probably allow me to state it as my opinion. I may be wrong but that is my information; as far as I have been able to gather, it will take away 50 or 60 lakhs. But if it is one crore, the case which I am supporting is all the stronger because then I think there are still greater difficulties to be met. I therefore feel, Sir, that although the Government have come forward with this amendment to reduce this tax, I think no man likes to pay any tax if he can help it and I am sure if we have to determine between the various claimants, as to who should stand first in this respect and as to which tax should be reduced first, it will be a very difficult problem to decide. Therefore, Sir, what I think is this, that we cannot this year be a party under these circumstances to allow the Government to give preference to this claimant, namely, the petrol trade. Sir, Mr. Devaki Prasad Sinha wants to oppose clause 5 of the Bill and I quite agree that the amendments as they are put before this House might lead to some confusion. But there are two proposals now which this House can deal with; first, we object entirely and say that clause 5 should be deleted; and also when we come to the Schedule, that the third item should also be deleted. In that case the effect will be that the duty will remain exactly what it is to-day; namely, the protective duty of 2½ annas on imported petrol and six annas excise duty both on the spirit produced in India and that which is imported into India. But I cannot understand why we should impose a higher duty when they combine together, namely, the import duty and the protective duty. I do not see why we should place a higher duty on the petrol which is imported into India. It can only be justified on the ground of a protective tariff, namely, that the spirit produced in India requires protection. Now, Sir, the spirit produced in India requires no protection. On the contrary, the greater the competition the better the position of those who have to use petrol, and therefore I hope that my friend, Mr. Devaki Prasad Sinha, will agree with me that while we maintain the six annas duty on petrol produced in India we should have the same rate combined in the case of imported petrol; that is, we should take away the protective duty of 2½ annas, and keep the six annas excise or *vice versa*. Therefore, Sir, what I suggest is, if it is the desire of the House, the amendment should be this:

"For clause 5 of the Bill the following clause shall be substituted, namely:

'5. With effect from the first day of April, 1925 section 6 of the Motor Spirit (Duties) Act, 1917, is hereby replaced.'

That keeps section 3 of the Act. It is only section 6 of the Act which we want to repeal. Then we are concerned with the Schedule. In the First Schedule, in the third amendment to be made in Schedule II to the Indian Tariff Act, for the word 'four' the word 'six' shall be substituted. That is our proposal

Mr. Devaki Prasad Sinha: May I submit that Mr. Jinnah cannot do that? He cannot increase four to six under the rules; you can omit it altogether, but you cannot suggest an increase.

Mr. M. A. Jinnah: I think Mr. Sinha does not quite follow me. Let us take section 5. Clause 5 of the Bill says:

"With effect from the first day of April, 1925, the following amendments shall be made in the Motor Spirit (Duties) Act, 1917, namely:

- (a) in sub-section (1) of section 3 for the the words 'six annas' the words 'four annas' shall be substituted;
- (b) section 6 shall be omitted."

What I propose is this. Instead of clause 5 substitute the following: Clause 5 will then read:

"With effect from the first day of April, 1925, section 6 of the Motor Spirit (Duties) Act, 1917, is hereby repealed."

That is, section 6 of the Motor Spirit (Duties) Act is repealed. Then I propose to come to the Schedule and to correct the Schedule in this way:

"In Schedule I, in the third amendment to be made in Schedule II to the Indian Tariff Act of 1894, for the word 'four' the word 'six' shall be substituted."

Therefore you will get six annas for both.

Mr. Devaki Prasad Sinha: I respectfully ask Mr. Jinnah whether we can do it. If we can do it, it would be all right; but can we increase from four to six annas in a Finance Bill?

Mr. M. A. Jinnah: Here is the amending Bill. If Mr. Devaki Prasad Sinha will look at the Bill, clause 3 says:

"With effect from the first day of April, 1925, the amendments specified in the First Schedule to this Act shall be made in Schedule II to the Indian Tariff Act, 1894."

Then you turn to the Schedule. It says:

"Schedule I.

3. After Item No. 40 the following item shall be inserted, namely:

'40A. Motor Spirit. Imperial Gallon 4 annas.'

So what this Bill which is now before the House purports to do is to amend the two Statutes. One is the Tariff Act and the other is the Motor Spirit (Duties) Act of 1917, and therefore, if what I am suggesting is acceptable to the House and to the Government, instead of having six annas and 8½ annas, you will have six annas for both. The question is whether you should have six annas for the spirit produced in India and 8½ annas for the spirit imported into India. If you desire that, then my amendment is not acceptable to the House. If you desire what I am suggesting, then this is the only way to amend it. Now, I say my amendment is preferable for the simple reason that it certainly does not give any protection to the petrol produced in this country, and therefore a man who has to buy petrol has some chance of getting it cheaper by means of competition, and we know perfectly well that the company which is selling petrol in this country has the monopoly of it, and we also know that the same petrol is sold cheaper in England. It goes all the way over there and yet it is sold much cheaper there than we can get it in this country. Therefore, I submit, Sir, there is no ground for giving any protection to this company which produces petrol in this country and sells it to monopolists. I hope, therefore, the House will support this amendment.

Mr. President (to Mr. Jinnah): Do you move the first amendment?

Mr. M. A. Jinnah: Yes, Sir.

Mr. President: Amendment moved:

"That for clause 5, the following be substituted namely:

"5. With effect from the first day of April 1925, section 6 of the Motor Spirit (Duties) Act, 1917, is hereby repealed."

The Honourable Sir Basil Blackett: Sir, I have been asked from more than one quarter what would be the financial effect of the reduction of the salt tax from Rs. 1-4-0 to Re. 1-0-0. The best estimate that I can make is that we shall lose 90 lakhs this year and 125 lakhs thereafter. The first year there are some credit sales which reduce the actual amount of loss; that is to say, we lose 90 lakhs out of this year's estimates of revenue and 125 lakhs thereafter. . . .

Mr. W. S. J. Willson: What do you mean by this year?

The Honourable Sir Basil Blackett: I mean 1925-26. After that, the loss will be 125 lakhs. The immediate effect of course is that I do not propose to move the Resolution that is down on the paper in regard to provincial contributions, at any rate in the form in which it stands until further consideration, as time has to be given for further consideration of the matter. It is obviously impossible for the Government to face a loss of 125 lakhs recurrent revenue without making some change in their proposals in regard to the provincial contributions, and it is no good weeping salt tears about it. That is the obvious fact.

I will now turn for a moment to the question of petrol duty and put a consideration before the House which is, I think, germane to the discussion of this subject. We have got in the petrol duty as it stands at present a tax which is too high from the point of view of getting the maximum revenue. After a year or a little more than a year, it is almost certain that a slightly lower tax will produce a higher revenue. It is always a mistake to keep a tax on at a high rate at which it brings in less revenue than if you reduced it. There must be a period during which there is a small loss of revenue. We have put it down as 15 lakhs this year. I am not at all sure that that is not an over-estimate and that our real loss will not be something less than 15 lakhs. But I would point out to the House that in this year's Budget there is already a large figure which represents non-recurring surplus and the action of the House in regard to salt adds to our difficulty in that matter. We have a further amount of difference between our recurrent revenue this year 1925-26 and our non-recurring revenue or expenditure, so that the result would be that the gap between the amount which we can give away permanently and the amount which we have as surplus in this year is increased by the action of the House this morning in regard to the salt tax, assuming that it remains as it is. But even apart from that, we have already a largish sum which I think is 56 lakhs difference between our recurrent and non-recurrent surplus. This year, therefore, is rather a good year in which to make a reduction of this sort in the petrol tax. If you can afford a small loss, it will really be a loss which will not be a recurrent loss if our estimates are to be trusted; that is to say, in a year or more we shall more than make good or at least make good the loss, and the reduction will be to the benefit of transportation generally. You can afford, I think, to make this small change in duty for the benefit of all concerned.

Dr. K. G. Lohokare (Bombay Central Division: Non-Muhammadan Rural): I have only one small point to lay before the House, Sir. The carrying trade, especially among small villages in the remoter parts of the districts, is being captured by the motor trade. In India we all know, Sir, that the agricultural holdings are very small and the labourers on the agricultural land have only four months or five months on the land itself. During the remaining part of the year they do this business of the carrying trade with the animals that they have with them. This pushing in or encouragement of the motor industry has practically put these people to a loss. They have got this bye-trade by which they add to their living, at least in the smaller villages. If at all we want to look to the economic condition of the agriculturists, especially the agriculturists of small holdings. I have to request the House to give consideration to this item before we think of pushing in the motor trade in the country at such a rapid pace.

Mr. W. S. J. Willson (Associated Chambers of Commerce: Nominated Non-Official): I hope that, if the House does not accept the Government proposition, it will at least go so far as to accept Mr. Jinnah's which is certainly the lesser of two evils. But I hope that the House will lend its entire support to the motion before the House on the part of the Government. I did not quite understand from Sir Basil Blackett his estimate of the sacrifice of revenue of 15 lakhs. The immediate point I would like him to interrupt me with is whether that loss of 15 lakhs includes the mere book loss on Government's own consumption. From the statistics published I find that in the 11 months from April to February last the excise duty on motor spirit amounted to 77 lakhs. Of that, of course, a good deal is paid by Government themselves and I am just in some little doubt as to whether the estimated loss of 15 lakhs includes something like 5 lakhs which might be the Government's, and that is to say our own, money, in which case, of course, the loss would be not 15 lakhs but a less figure.

Now, Sir, when you come to consider a tax on petrol, you are getting very near a particular fad of my own in regard to taxation, which is this. If you tax a thing the size of that chair Rs. 1/4 a maund, it is difficult to trace the incidence of that tax on the leg of it which somebody buys. But when you are dealing with a tax on petrol you have to deal with a fixed tax upon the consumer's own unit, the gallon, and therefore any allowance in reduction which you see fit to make does automatically and directly go into the pocket of the consumer. Sir Basil Blackett has always said, so far as I remember, that any tax on transport is a bad tax, and with that I entirely agree. The development of transport is one of the vital necessities of the country and at the present time, when city life is so expensive, there is a great desire in all the large cities of India for people to be able to go and live outside in the suburbs from motives of economy. But one of the greatest difficulties we have to face is that there are insufficient communications with those suburbs, and there have been efforts made to get busses—not trams—to run into the suburbs, and it has always been urged that the lowest fares are what we all want.

Now, Sir, there are other forms of transport in India which must not be lost sight of. For the moment I am referring to river transport. In the last few years there have been a number of motor launches introduced for the conveyance of passengers, ferry work in fact, and it is very important that these should be encouraged by reducing the cost of working to the greatest possible extent. Those motor boats have to import their motor

engines and we shall get additional revenue from the import taxes on engines. Up in this city of Delhi we have motor busses running. They are certainly the poor man's means of conveyance and anything you can do to lessen the cost of running the buses for the poorer classes, the greater the facilities you are giving for their transport. Sir Charles Innes has already referred, and Mr. Jinnah also referred, to the effect of opposition. Now, we certainly want the tax off the imported spirit, because, as we have a monopolistic industry in the country, it is highly desirable that we should do all we can to encourage some outside competition in order to persuade these monopolist gentlemen to cut their prices.

Sir Charles Innes 3 years ago, and Sir Basil Blackett likewise, refused to accept some figures which I put before the House showing that their failure then to appreciate the incidence of this motor industry taxation had had the direct effect of reducing the import of motor cars. I gave the figures and they did not accept them. I got them direct from the motor car trade. Unfortunately at the moment when I was pulled up in the House I was not prepared with the argument to give them, but I am very glad to see that the figures which Sir Charles Innes gave to-day entirely support the view I expressed 3 years ago, and I am very glad for this little bit of daylight.

The amount involved is in no sense high, even if it is 15 lakhs, as has been mentioned. But you cannot get over the fact that to develop the motor transport is good in itself for the purpose of conveyance. Secondly, it is far-reaching indirectly in the revenue which it is going to bring in on the more motor cars, more tyres and more tubes which will come in. I, therefore, Sir, lend my heartiest support to the proposal that the Government have brought in, and I hope that we shall not have the somewhat amusing spectacle of the House refusing to support a motion for a reduction of taxation proposed by Government.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I desire to intervene in the debate on this motion because, under the pretence of discussing the excise duty on motor spirit, Members from the Finance Member downwards have discussed the question of the salt duty in the one case and also that King Charles's head, provincial contributions. My Honourable friend Mr. Rangachariar pointed out that as the provincial contributions were a first charge upon the surplus of the Central Government, he was not going to be a party to any reduction of any tax under the Central Government until the provincial contributions were wiped off. That is a proposition which I for one do not want to subscribe to in a wholesale fashion. As our Leader has properly put it, everybody in this House is agreed that the provincial contributions must go.

Diwan Bahadur T. Rangachariar: In words, not in deed.

Mr. A. Rangaswami Iyengar: I deny that on the floor of this House, Mr. Rangachariar was talking quite heroically of the extent to which he was prepared to face unpopularity and to deny himself cheap popularity of the kind that other people wanted by voting for a reduction in the salt duty.

Diwan Bahadur T. Rangachariar: I did not say anything of the kind about other people. I wanted to have the liberty of voting for a three pie post-card which would be popular in case the provincial contributions question was already in danger.

Mr. A. Rangaswami Iyengar: But I may tell him, nor are we on this side affected by the extent to which we may be misrepresented on the question of the remission of provincial contributions. Our views are there all along, and I have certainly not shirked my duty in placing my views on the provincial contributions whenever the occasion demanded it. Therefore there is no use trying to draw a red herring across the path of this discussion by continually bringing up provincial contributions. When we are discussing the merits of the Finance Bill, we are told, "If you do this, it will touch the provincial contributions. If you do that the remission of the provincial contributions will go". At this rate we are entirely at the mercy of the Finance Member and we have only to take his word. Mr. Rangachariar said that it was our duty to make cuts in the expenditure to such an extent as would enable us to deal with the provincial contributions as well as with the reduction of the salt tax. Sir, that is a proposition. (*Mr. K. Ahmed:* "Cut your coat according to your cloth.") I am not going to be interrupted by you.

Khan Bahadur W. M. Hussanally: Can provincial contributions go unless and until the salt tax is restored?

Mr. A. Rangaswami Iyengar: So far as the question of making cuts is concerned, the Honourable the Finance Member has effectively answered Members on those benches who say that by making substantial cuts on the expenditure side we would be in a position to remit taxation. The Honourable the Finance Member repudiated that theory on behalf of Government. If that is correct, our making cuts of that kind—substantial cuts—would avail no purpose at all, would avail very little to enable us to reduce taxation. On the other hand, the Finance Member said that so far as the procedure in England is concerned, nobody ever bothers about examining the financial proposals made by the expert financiers on the Treasury Benches, but only questions of policy,—not only financial policy but also general policy—are discussed in the Committees of Supply. That is perfectly true, but to try to import principles of that kind when they are favourable to Government and to deny their application when they are unfavourable to them is most unfair on the part of Government.

Then, again, Sir, we have been told that so far as this Budget is concerned we on this side of the House should have framed a parallel Budget, we should have said under what heads expenditure should be reduced and under what heads therefore taxation could be reduced. I say, Sir, that is not a part of the functions of Members on this side of the House. Members who are responsible for producing a proper budget are those who sit on the Government Benches and so long as they sit there it is our duty to take their Budget to pieces and put before them the views of the people, that they, the people, do not want this salt tax which is an eternal injustice to them to remain to any extent, that they do not want high postal rates, that they do not want this huge military expenditure, that they want so many wrongs now disfiguring the pages of the Budget to be removed, before they could agree to the Budget of the Government. That is the position which the Swaraj Party take. We have no responsibility for framing the Budget. We have only the responsibility of placing before this House the views of the people, the feelings and opinions of the people. When we are placed in that position of responsibility, it will be time enough for us to go and tell our people what we have got to do.

Then, again, we have been told that reductions not having been effected on the expenditure Demands, it is not constitutionally right for us to

refuse to consider the Finance Bill. I say, Sir, that our position in regard to the reduction of expenditure and the reduction of taxation are interconnected. If we say that the Government should not incur this expenditure, I say as a necessary consequence of that we are bound to say, *i.e.*, all those who voted for the cuts, for the omission of one or more Grants wholesale, are also logically bound, when they come to the Finance Bill to take that same position, namely, not to vote the taxes for the rejected, reduced or refused grants. It may be that the omission was pressed or carried in one instance or in two instances. Those who voted for them are bound to take the same position that follows from it and say, "We are not responsible, we condemned you for your policy when you made your Demands. We do so again on this Bill under one head or other". Therefore, that argument cannot stand; but so far as we are concerned, we are here to voice the feelings and the needs of the poor people of this land and I say that the relief of the provincial contributions is as much a poor man's affair as the reduction of the salt duty as also the reduction of postage.

Diwan Bahadur T. Rangachariar: And the reduction of the price of cloth?

Mr. A. Rangaswami Iyengar: Certainly. I do not deny that. We have not yet come to that. We have not yet discussed that, and so far as the petrol duty is concerned, in so far as it may militate against relief to the poor, I certainly agree with Mr. Rangachariar in not voting for a reduction of any revenue from the rich.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I do not wish to pose before this House as an expert on transportation, though of course the question of my own transport will be a matter for my very serious consideration (Laughter). I should like however to bring back the House for a moment to the actual point before us, which is whether this duty on motor spirit should be reduced or not. Now, Sir, I do not pretend either to be an expert on taxation. Nor have I any sympathy with motor car businesses or with the rich motor car owners. There is one aspect of this case however which interests me very much. I have been very much struck of late years by the increase in motor transportation between bazar and bazar. It is one of the things that have developed more than almost anything that I can recollect during the time of my service. This development of motor bus traffic between bazar and bazar and village and town seems to me a matter of very great importance. I have seen lovely villages cut off by want of communications and situated a long way from railway stations being brought within comparatively easy reach of civilisation and afforded the means by which the persons living there could obtain education, medical relief and other concomitants that go towards civilisation. I had not very many years ago occasion to visit a very remote city situated in the heart of the Indian desert. I think one year before I went there it was impossible to reach that place except by a journey on camels which lasted for 5 or 6 days and which involved an expenditure beyond the means of the ordinary person. Owing to the development of motor transport persons were able at the time I visited it to reach that city by paying a reasonable fare within the means of a poor man. Buses were run which used to get across the desert in the course of the day. The inhabitants therefore were brought into touch with the railway and all that the railway means by these motor buses. I do myself think that the House should seriously consider that anything which will promote the development of this motor

[Sir Alexander Muddiman.]

bus traffic between remote places and the railway stations is a matter which will really benefit the people of this country to a very great extent indeed and therefore on that ground I would ask the House to support the proposal put forward by my Honourable friend Sir Charles Innes.

There is one other point, if my Honourable friend will permit me to develop it. It was suggested by some gentleman on the other side of the House that the development of motor traffic might involve a decrease in the number of *bail-garries*. Sir, that is an argument which could have been employed against the introduction of machinery in any part of the world or in any age. It would involve the argument that our mails should now be carried by sailing vessels instead of steamships. It is an argument not really valid. What have we seen, we who used to keep horses; what has happened to the men who used to look after our horses? They are now taking up motor driving and are making a much better thing out of it than they used to do, judging from my monthly bills. (Laughter.)

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely; Non-Muhammadan Bural): I have a motion No. 7. Of course Mr. Jinnah has proposed an amendment on both. I would only like that the motion of mine and that clauses 2 and 3 of the Schedule are both deleted, so that the matter may be left as it was before. I would therefore amend my friend Mr. Devaki Prasad Sinha's motion by adding that clause 2 also be deleted along with my motion that clause 5 be elected. That will leave the position as it was. Of course it is not very far to see the reason of my motion. I only want to maintain the *status quo* when the finances are in this position. So far as the question of transport is concerned, I very much doubt if this small reduction in the price of petrol per gallon will do any good to the man who travels by motor bus. The motor bus contractors have their fixed charges and the reduction in the price of petrol is not likely to affect the small percentage of the population who travel by bus. In fact we have known the time when petrol was Rs. 4/8 a tin; we have known the time when it was Rs. 2/8 a tin, and now it sells at Rs. 3/14 a tin. I do not think the charges of the various bus fares between station and station will be considerably affected by the lower price of petrol. It may be that in some cases, where there is keen competition between a number of bus owners working on the same line, the charges may be reduced a little, but not in places where there is no competition or where the demand for buses is great. You will find the charges will not alter really very much because of the change in petrol prices. Therefore I refuse to believe that this cut of 2 annas will really interfere with the transport facilities which the poor man enjoys. Of course the rich man, the motor owner, as Sir Alexander Muddiman said, may benefit by it. But it is not of much consequence to people who use motor spirit for the purpose of driving machinery. I therefore think it is better to leave things as they stand.

Now I do want to say one word regarding the salt tax, having been responsible for putting that motion before this Assembly, because it has been made so much of by my Honourable friend Diwan Bahadur Rangachariar and by the Honourable Sir Basil Blackett. I do say, Sir, we are absolutely free to place our views before the Government, and the view put forward by the Government that they will change their views one way or the other now, on the question of provincial contributions, because of the division of the Assembly on salt duty is meaningless as that will depend on the vote of this Assembly as it puts forward its case on clear reasons

given here. The Assembly do not want to interfere with provincial contributions, and have put forward a case which has to be attended to by the Government. Not that they were likely to trifle with the provincial contributions, but they put forward a case which is to be considered by Government. I refuse to believe that any Member here on behalf of Government has a right to threaten us by saying that. I refuse to ask any Member to be irresponsible enough to say that when we want to put that case before this Assembly in one way, the effect of it will be to interfere with the provincial contributions. We do not want to press that view. But I do not want that the Government of India should threaten the people here by saying that they will expose themselves to their constituencies by the statement which they make. They are responsible for acting one way or the other to the best of their powers for the benefit of the country. We are here to say that you have got more money, you must remit an amount of tax this year. (Laughter.) I feel very strongly in the matter. Some Honourable Members of Government have already spoken to me on that matter, and I therefore tell them that I am not going to be discouraged by any such statement. And if Madras has to suffer because of the tactics of the Government of India, it should suffer. Let the whole population of India suffer if it comes to the tactics of the Government of India playing off the various representatives in this House against one another, setting people against each other. We do not want to be frightened by that kind of bogey here in this Assembly and we shall do our duty by the country to the best of our ability (Applause) without the least regard for any threats from the official Benches. I challenge the Government of India to say that they alone are responsible and that we are irresponsible. Let them do their duty to the best of their ability, and let us do our duty to the best of ours. We do say that you are unnecessarily spending money. We do say that the Committee that we asked to be appointed by the Government recommended that 19½ crores should be cut; you have not given effect to that, on the other hand you have added to the expenditure by another 4 crores

The Honourable Sir Charles Innes: On a point of order, Sir, the Honourable Member is now on the Incheape Committee's Report.

Mr. K. Rama Aiyangar: It is certainly relevant for the purpose of showing that the Government of India ought to look to their expenditure so as to give proper relief in the matter of taxation in a time of plenty when you are laying up so much money, and I am entitled to place before Government the possible methods of retrenchment so as to relieve the people of India of heavy taxation. I am prepared to stand any kind of criticism in respect of the arguments that I put forth before the Government of India. They should not go on with their policy without giving proper weight to the arguments, without considering the possibilities of retrenchment. The other day the Finance Member in his speech stated as if he did not know of the retrenchment of 8½ crores coming on within thirty days of his statement. I cannot understand the Finance Member. The same theory is now propounded in the present speech. He expects some tangible reduction next year. He however would not tell us what it is. He simply adopts the past expenditure for the current year and the next year also. I refuse to believe that he does not know it. If it is so, he is not doing his duty. I am here to do my duty to the public, and I therefore move the amendment that I have proposed that clause 5 be deleted.

Mr. President: The original question was :

“ That clause 5 do stand part of the Bill.”

Since which an amendment has been moved :

“ That for clause 5 of the Bill the following clause be substituted, namely :

‘ 5. With effect from the first day of April 1925 section 6 of the Motor Spirit (Duties) Act, 1917, is hereby repealed.’ ”

The question I have to put is that that clause be substituted for the existing clause 5.

The Assembly divided :

AYES—38.

Aiyangar, Mr. K. Rama.
 Ariff, Mr. Yacoob C.
 Bhal, Mr. K. Sadasiva.
 Chanda, Mr. Kamini Kumar.
 Chetty, Mr. R. K. Shanmukham.
 Dalal, Sardar B. A.
 Das, Mr. B.
 Ghazanfar Ali Khan, Raja.
 Ghulam Abbas, Sayyad.
 Gulab Singh, Sardar.
 Hans Raj, Lala.
 Hari Prasad Lal, Rai.
 Iyengar, Mr. A. Rangaswami.
 Jinnah, Mr. M. A.
 Joshi, Mr. N. M.
 Kasturbhai Lalbhai, Mr.
 Kazim Ali, Shaikh-e-Chatgam Maulvi
 Muhammad.
 Lohokare, Dr. K. G.
 Malaviya, Pandit Madan Mohan.

Murtuza Sahib Bahadur, Maulvi
 Sayad.
 Mutalik, Sardar V. N.
 Pal, Mr. Bipin Chandra.
 Patel, Mr. V. J.
 Purshotamdas Thakurdas, Sir.
 Ramachandra Rao, Diwan Bahadur M.
 Rangaohariar, Diwan Bahadur T.
 Ray, Mr. Kumar Sankar.
 Reddi, Mr. K. Venkataramana.
 Sadiq Hasan, Mr. S.
 Setalvad, Sir Chimanlal.
 Shafee, Maulvi Muhammad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Sinha, Kumar Ganganand.
 Syamaoharan, Mr.
 Tok Kyi, Maung.
 Venkatapatiraju, Mr. S.
 Yakub, Maulvi Muhammad.

NOES—50.

Abdul Mumin, Khan Bahadur
 Muhammad.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Abul Kasem, Maulvi.
 Ahmad Ali Khan, Mr.
 Ahmed, Mr. K.
 Ajab Khan, Captain.
 Ashworth, Mr. E. H.
 Badi-uz-Zaman, Maulvi.
 Bhoire, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Bray, Mr. Denys.
 Burdon, Mr. E.
 Calvert, Mr. H.
 Clarke, Sir Geoffrey.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Datta, Dr. S. K.
 Fleming, Mr. E. G.
 Fraser, Sir Gordon.
 Graham, Mr. L.
 Hira Singh Brar, Sardar Bahadur
 Captain.
 Hudson, Mr. W. F.
 Hussanally, Khan Bahadur W. M.
 Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.

Ismail Khan, Mr.
 Jeelani, Haji S. A. K.
 Lindsay, Mr. Darcy.
 Lloyd, Mr. A. H.
 Mahmood Schamnad Sahib Bahadur,
 Mr.
 Makan, Mr. M. E.
 Marr, Mr. A.
 McCallum, Mr. J. L.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Moir, Mr. T. E.
 Muddiman, The Honourable Sir Alex-
 ander.
 Muhammad Ismail, Khan Bahadur
 Saiyid.
 Nehru, Pandit Shamlal.
 Rau, Mr. P. R.
 Rhodes, Sir Campbell.
 Rushbrook-Williams, Prof. L. F.
 Sastri, Diwan Bahadur C. V. Visva-
 natha.
 Singh, Rai Bahadur S. N.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Webb, Mr. M.
 Willson, Mr. W. S. J.
 Willson, Mr. R. A.
 Yusuf Imam, Mr. M.

The motion was negatived.

Clause 5 was added to the Bill.

Mr. President: The question is :

“ That clause 6 stand part of the Bill.”

Mr. Jajnadās M. Mehta (Bombay Northern Division: Non-Muhamadan Rural): Sir, I should like the House to realise what exactly this clause means. On the face of it it might appear to be a more or less formal clause, but the principles behind it are worth the attention of the House. If the House will turn to sub-section (7) of section 19 of the Indian Paper Currency Act, they will see that it is stated there :

“ As long as the value of securities created by the Government of India and issued to the Controller and deemed in accordance with the provisions of the foregoing sub-section to be securities purchased by the Governor General in Council exceeds one hundred and twenty millions of rupees, all interest derived from the securities in the Reserve shall, with effect from the first day of April, 1925, be applied in reduction of such excess holding of securities and the Auditor-General shall in every year grant a certificate of the amount of such interest and shall also certify whether or not it has been so applied. For the purposes of this sub-section securities so created and issued shall be deemed to carry interest at the same rate as other similar securities.”

Sir, this sub-section means that so long as in our Paper Currency Reserve there are what are called created securities which exceed 12 crores of rupees, the discount or the interest on those securities, as it accrues every year, shall be applied towards the reduction of those created securities, and it shall be continued to be applied in that manner until the said created securities are reduced to Rs. 12 crores. As the Honourable the Finance Member has told us, these created securities are merely paper securities, merely I.O.U.'s without any substantial backing behind them; and to-day these created securities are worth nearly 50 crores—that is, 49 crores and 65 lakhs. This Act says that we shall reduce those created securities until they amount to 12 crores of rupees, so that the House has been called upon by existing legislation to go on applying the interest or discount on those securities to the extent of 37 crores before they can stop applying that interest towards the reduction of those securities. But on account of the deficits of Government during recent years since 1923—practically since the Act was passed—this practice has not been followed and every year the interest or the discount as it accrues is credited to revenue instead of towards the reduction of the created securities.

Now, Sir, what are these securities? They are a paper currency reserve. They are securities for the safety of our note issue. They are the property of the man who holds our notes. We have to-day in circulation 188 crores of notes against which the metallic backing is something like 70 crores of rupees, 22 crores worth of gold and 6 crores worth of silver under coinage. That means we have nearly 98 crores of metallic backing against these 188 crores of notes in circulation. The rest of the notes are not covered by any metallic backing and to the extent of 49 crores and 65 lakhs they are covered by nothing except papers signed by the Government of India and handed over to the Controller of Currency as security. Therefore 49 crores and 65 lakhs of paper currency in circulation is backed by another paper of the Government of India. What does it mean? It implies that our Paper Currency Reserve is not genuine to the extent of nearly 50 crores and to that extent the holder of our notes are not safe. Their property in those currency notes which are in circulation to-day is not safe to that extent. Therefore this Act was enacted. Thereby Government were called upon to use the interest on those securities towards the reduction of

[Mr. Jamnadas M. Mehta.]

these securities. To that, Sir, the interpretation given by the Honourable the Finance Member is that you can reduce the created securities only by destroying those notes, namely, by withdrawing from circulation those notes; and last year I thought it my duty to point out that that was not the only course possible. Every year, as interest accrues on these securities, it is open to Government under this section, in fact I submit that it is the meaning and intention of this Act that the moment interest accrues (say at the rate of 3 crores every year) it is incumbent on Government to buy 3 crores worth of genuine securities and to put them in the place of these created securities. But because our deficits have been constant it has not been found possible to do so and Government have been crediting the interest on these securities to revenue. Well, Sir, in times of emergency we can allow this sort of thing, but in normal times when we are told that our Budgets balance, is it right that interest on these securities, which is not really revenue of the Government of India but belongs as I said to the holders for our notes, should be taken to the credit of revenue? But, Sir, my further objection is this, that the Honourable Finance Member has emphatically laid it down that even if he reduced the securities it can only be done by deflation, by cutting down these notes in circulation as the only means of reducing those created securities. I told him that the Act did not necessarily mean that. In the beginning of this session another debate arose on the Paper Currency Act (Amendment) Bill when again the same question arose. My Honourable friend Mr. Patel pointed out that it was not necessary that he should deflate, but that he should buy genuine securities and place them in the reserve. But the Finance Member again emphasised that the only way in which he could reduce these created securities was by deflation and nothing else. I again thought it my duty to intervene and told him that the Act did not contemplate anything of the kind. The Act contemplates merely a reduction of these created securities, not necessarily the cutting down of notes because the interest that we get every year out of these securities can be used towards the purchase of genuine securities in the market; but the Finance Member told us in his budget speech, paragraph 66 I think, what is the use of buying other genuine securities in the market? They are just as good as these created securities or I.O.U's. I say, Sir, there is a fundamental difference between these genuine securities in the market and the *ad hoc* securities although there is this similarity between them, that they are all Government of India securities. That is the only similarity. But the genuine securities have a value in the market which the *ad hoc* securities have not. You can buy the genuine securities with the money which has accrued to you as interest on these created securities and you cannot buy more. The created securities can be multiplied to any extent; you have merely to use the printing press and you can add fifty crores or more to the created securities; not so with the other securities which you can buy only according as you have got interest on these created securities and no more; and if the Honourable Finance Member contends that these securities are after all Government of India securities the objection can be met by purchasing gold or

Pandit Shamlal Nehru: What are the other securities?

Mr. Jamnadas M. Mehta: . . . other securities such as sterling securities and Government of India loans. . . .

The Honourable Sir Basil Blackett: Do you suggest that the money should be used to purchase sterling securities?

Mr. Jamnadas M. Mehta: Yes, I did not suggest that previously because we were not debating the subject then as now; all I told you then was that it was not necessary that deflation must be the inevitable result under the Act and the Honourable Finance Member has thought fit to challenge that. He says, "My policy has been challenged and therefore it is necessary to reply." Sir, it is one of the great gifts of the Honourable Finance Member to think that his critics are perverse and stupid and that there can be nothing wrong in his policy. He is the just man made perfect—who was so beloved of the Greeks. I told him that there was no authority in the Paper Currency Act for the position he was advocating. He did not agree and he returns to the charge in his budget speech; he thinks I am wrong; but he could not find in the Paper Currency Act any authority for the statement that the use of interest for the purpose of reducing created securities must mean deflation. He therefore turns to the Babington-Smith Committee Report and, Sir, he says as follows (paragraph 66 of the Budget speech):

"But the House will remember that the Babington-Smith Committee recommended that so long as *ad hoc* securities in the Paper Currency Reserve remained outstanding, these particular receipts should not be treated as revenue but should be applied to writing down the *ad hoc* securities."

Mr. V. J. Patel: Were there any *ad hoc* securities at that time?

Mr. Jamnadas M. Mehta: I am coming to that. Sir, I looked up and down the Babington-Smith Committee's Report and the recommendations not once, not twice, but several times; but this categorical declaration of the Finance Member that the Babington-Smith Committee had recommended deflation does not find any existence in those recommendations. In fact, I find that, not finding any support in the Paper Currency Act, the Finance Member simply drew upon his imagination and wanted to father upon the Babington-Smith Committee as their recommendation something which they had never recommended. I appealed to him to show me where the recommendation was and he admitted that the recommendation did not exist.

The Honourable Sir Basil Blackett: That is not true, Sir. I drew the attention of the Honourable Member to a paragraph which has that obvious effect.

Mr. Jamnadas M. Mehta: It is true; your words are, "That the House will remember that the Babington-Smith Committee recommended" and the further words are "the purpose which the Committee had in mind in making that recommendation"

Now my point is, that there is no such recommendation in the Babington-Smith Committee's Report. I may agree with the Honourable the Finance Member that that might be their objective, but to turn to the Babington-Smith Committee and say that they have made a recommendation is something quite different from what that Committee intended. I do not want to make much out of it, but I only wish to point out that even the Honourable the Finance Member with such expert staff, all of whom are paid by us very extravagant salaries, sometimes makes mistakes and misstatements, I hope he will be more tender to us if we make any mistakes in our statements, as he ought to know that the only assistance that we have is the electric lamp; but when Sir Basil Blackett with such expert staff as my friend Mr. Raghavendra Rao and my learned friend

[Mr. Jamnadas M. Mehta.]

Mr. Lloyd makes misstatements, I can confidently appeal to him to be a little more tender to us when we also sometimes are betrayed into some inaccuracies. Anyway, I will drop that matter. The object that I have in mind is this, that by applying the interest which you earn out of these created securities to revenue, you are really endangering the safety of the holders of the paper currency notes, to the extent of 49 crores 65 lakhs. The amount of interest which we get is somewhere between 3 and 4 crores every year. The whole income from currency and mint is Rs. 4·08 crores. So I take it that the amount of interest on those *ad hoc* securities must be somewhere near 2 crores 50 lakhs or about 3 crores,—I do not know the exact figure. That is one point.

The second point is that in addition to this interest, the Honourable the Finance Member takes to revenue the excess of £40 millions in our Gold Standard Reserve. The moment our Gold Standard Reserve is in excess of £40 millions, that excess he appropriates to revenue and every year in that way he takes out of this Gold Standard Reserve something like 2 crores 20 lakhs. In this manner he uses as revenue a sum of about 5 crores 6 lakhs, an amount which does not genuinely belong to the revenues of this country. Now, what is the Gold Standard Reserve? The Gold Standard Reserve is a reserve for maintaining the gold value of the rupee at 16 pence. Everybody knows that the contents of the rupee are not worth more than 12 annas of gold and the remaining 4 annas are in the Gold Standard Reserve, so that whenever there is any necessity to export gold, every rupee is worth 16 annas, 12 annas being its intrinsic value and 4 annas being already deposited in our Gold Standard Reserve. That 4 annas cover has been supplied by the holders of the rupee in order that the exchange value of the rupee shall remain 16 pence, and therefore to the extent that you use the income of £40 millions of that reserve for revenue the security of these rupee holders is endangered in the international market. So, Sir, my submission is that the principle of taking credit to revenue for the whole of the interest on paper currency *ad hoc* securities and the whole of the excess over £40 millions in the Gold Standard Reserve is wrong, because in one case it endangers the security of the holders of the notes, in the other it endangers the security of the gold value of the rupee in international markets. My submission has always been that this amount does not genuinely belong to the revenues of this country, and therefore I tell the Honourable the Finance Member that his Budget was not a balanced budget because it was made up of odds and ends like these. Further he gets exchange profits of nearly 3 crores. That again is not genuine but I am not going into that. I wanted to point out, Sir, that these crores are not our genuine revenue.

Then, Sir, the Honourable the Finance Member in the latter part of paragraph 66 has been kind enough to refer to me by implication and complains of inconsistency and as usual with a superior smile on his face he thinks he has finished with me. (*The Honourable Sir Basil Blackett*: "I think he has.") Very well, I will quote the Honourable the Finance Member. What I said was that you had no right to use this for revenue but that you must use this for the reduction of the *ad hoc* securities, not by deflation but by replacing them by genuine securities in India or to buy sterling securities and when sterling becomes at par with gold to change them into gold and very soon it is coming. So that he can make all our currency notes fully backed by gold instead of the I. O. U.'s of the Government of India. That was intended by section 19(7) of the Paper Currency Act and

that was also my point. He says to me in reply, "What is it that your proposal amounts to? You are complaining of my devoting too much money to reduction or avoidance of debt. What is it that you are proposing to do here?" You are taking away 3 or 4 crores of rupees and thereby reducing the debt. This is what he said:

"The net effect therefore of adopting this suggestion would be simply to increase the amount of our provision out of revenue for reduction or avoidance of debt. And I observe with interest" (*he is greatly interested in this*) "that the gentleman who made the proposal has followed it up by complaining that our provision for the reduction and avoidance of debt is already too high."

Sir, I hold fast to every word of what I said. I agree that if he accepts my suggestion he will have to use the interest on the *ad hoc* securities for buying genuine securities, and to that extent he will have provided for the reduction of our debt. But I say, Sir, that of the two kinds of debt redemption I prefer this, not his, and that is not in any way inconsistent. (*The Honourable Sir Basil Blackett: "What is the difference?"*) The difference is that you are unnecessarily repaying our foreign debt without having regard to the interests of those who are holding our currency notes and those who are holding our silver coins. Why do you not first consider those who are holding four hundred crores of rupees which we have coined and 183 crores of notes which are in circulation? Are they not our genuine creditors? They are our creditors and in addition they are our fellow subjects and they have entrusted their property to us. They have the first right, and therefore, if there was a choice between one kind of creditors and another, I do hold, Sir, (in spite of the Finance Member finding a seeming contradiction that is not a real contradiction) that between the two creditors I would certainly prefer the creditors who have trusted us to the extent of 400 crores. What is the contradiction? I find none, Sir. When the Finance Member found no authority for his irregular procedure either in the Paper Currency Act or in the Babington-Smith Committee's Report, the only thing he has turned to is to look for some apparent contradiction which in genuine substance is no contradiction at all but the statement of the right principle. Because, Sir, the moment we allow the interest from these sources to be used for revenue, there are temptations to hold the Gold Standard Reserve in securities. The Gold Standard Reserve was not created to be held in securities. It was to be a storage of gold to be used at the time when we required gold for our international payments, but by investing the Gold Standard Reserve in securities he has got a constant temptation to earn interest and to credit it to revenue thereby endangering as

5 P.M. I said the security in world markets of the holders of rupees which the Honourable the Finance Member himself calls notes printed on silver. That is my objection. The Honourable the Finance Member finds no support for his polemics either in the Paper Currency Act or in the Babington-Smith Committee's Report, nor in the views which this House has expressed. True when the Government were in an emergency, they created those *ad hoc* securities. I do not know what they are made of, whether they are revenue deficits or whether they were put in when the Reverse Councils were sold and deflation would have followed beyond a necessary extent. What these 49.65 lakhs are composed of I am not quite aware. But I do think they must be due either to our revenue deficits or the necessity to back our paper currency notes in order that they may not be unduly deflated. I do not know exactly how far the one or the other or both represent these 49.65 lakhs, but the

[Mr. Jamnadas M. Mehta.]

principle is, Sir, that this method of increasing our revenues and thereby showing surplus and showing that our Budgets are balanced is vicious, because this is not genuine revenue in any sense of the term. But I am willing, Sir, that the Honourable the Finance Member may go on doing this for some time. I do not mind his doing it. All that I wanted to say was that the Finance Member had no justification, either in law or even in our good faith to our creditors, to use these monies for the purpose of revenue. While I am on this question of debt redemption, I would like, if I may, to congratulate my Honourable friend Mr. Raghavendra Rao on his having the other day turned the tables on us. I agree on a re-examination of the question that he was right and I acknowledge my thanks to him for having pointed out our error. (Hear, hear). At the same time I must tell him that in substance we were and are still right and that he merely triumphed over us by a quibble which threw off their legs certain gentlemen who should have known better and made them nervous. In a moment of weakness they abstained from voting thereby losing to revenue 1 crore and 13 lakhs, which we could have used for the reduction of salt duty; but although it was a quibble, I acknowledge the adroitness with which Mr. Raghavendra Rao put it and I do admit, Sir, that technically he was right though in substance wrong. Sir, having said this, I have only one thing more to say. The Honourable the Finance Member regards this matter as a question of debt redemption. In paragraph 57, of his budget speech he has made a great deal of capital out of his having made conversion of our 7 per cent. sterling loan. He says, "Look here, what good am I doing to you. Your 7 per cent. sterling loan was to run at 7 per cent. I have reduced it to 6 per cent. by conversion whereby I have given £200 sterling for every £100 sterling worth of debt, and reduced your interest charge by 1 per cent." Sir, I do not know whether to thank the Finance Member or to sympathise with the country for this kind of debt redemption. This 7 per cent. sterling loan would have matured . . .

The Honourable Sir Basil Blackett: May I ask, Sir, if this is at all germane to the clause? I gather the Honourable Member is really arguing that the clause do stand part of the Bill, but this is not germane to the clause.

Mr. Jamnadas M. Mehta: I am not keen, if you object. I quite realise that this is not exactly germane to the clause. The point I have taken would not be perfectly germane, if you had not in your budget speech said that the reduction of created securities was a kind of debt redemption. I am simply comparing your two methods of debt redemption and not going into the question of debt redemption as a whole. You have called the reduction of created securities a kind of redemption and that is my justification for comparing one kind of debt redemption with another. But if the Honourable Member objects, I will not pursue the subject.

Sir, I only want to refer to this so-called conversion of the 7 per cent. sterling loan into 6 per cent. I say that you are making a gift of £100 for every £100 debt held in England with a nominal benefit of 1 per cent. reduction in interest knowing full well that the 6 per cent. interest will continue to be paid till eternity, while the 7 per cent. would have terminated in 1981 and we could have borrowed thereafter at a lesser rate, at 5 per cent. or 4 per cent. or even less. Instead we are now compelled to pay 6 per cent. until the time when the Finance Member makes up his mind to repay

the Conversion Loan holders and then he will have to pay to these gentlemen £200 for every £100 of debt which we have incurred, for the nominal benefit of a reduction of one per cent. in interest in the interval. I say that even in the matter of interest this country has been prejudiced, because 7 per cent. interest would have ceased in 1931 but this 6 per cent. will continue until this country is in a position to pay. From the way in which that conversion has been made, *i.e.*, at 8 per cent., it appears that he is not bound to repay, so that he will continue paying 6 per cent. for all time instead of paying 7 per cent. till 1931; after 1931 we could have repaid the 7 per cent. sterling loan by borrowing at 5 per cent. or 4 per cent. according to the market rate. So that on the one hand he cares nothing for our real creditors who are the holders of our currency notes and our rupees and on the other goes out of his way to make a gift of £100 for every £100 sterling for the nominal benefit of a reduced rate of interest from 7 per cent. to 6 per cent. though the former would not continue beyond 1931 while the latter will continue till eternity, and he makes a gift of £100 to those gentlemen who are the holders of that sterling loan. To bring up this important issue I tabled my amendment, but since I have discussed it on the original motion and can vote against it, I do not want to move my amendment.

The Honourable Sir Basil Blackett: I think the amendment is not in order and so the Honourable Member is not allowed to move it. That is the real position as regards that amendment.

As regards the last point, the Honourable Member is aware that the conversions to which he was referring were conversions under our contract with the people from whom we borrowed, over which we had no control. That they are conversions in the interests of this country I think is quite clear. The Honourable Member may not agree with me and therefore I leave that point which is quite without relevance to this clause.

There are one or two things which the Honourable Member has said, which, I think on reflection, he would wish he had not said. He said that our currency notes are based on something worthless and the holders of the notes are in danger, or words to that effect. He is the first in other connections to assert that our currency is in such a strong position that this, that or the other proposal made by myself is not necessary. But I do not think that he ought to get up in this House and make a statement in that way which may clearly mislead other people who do not understand the position as well as he ought to. The position will perhaps be a little bit clearer to the Honourable Member if he will remember that if you take the paper currency of the United Kingdom at the present moment, the British currency notes, out of approximately £280 million outstanding to the extent of about £220 millions are covered by what are practically *ad hoc* securities, and I do not think that anybody really troubles as to the soundness of the paper currency of the United Kingdom. The Honourable Member says that we have no title to take this money for our revenue. It is a practice that we have adopted for 4 years now; this is the fourth year in the case of the Paper Currency Reserve and the third year in the case of the Gold Standard Reserve. It is a practice which is universally adopted all over the world. I happened to be reading the *London Times* last night and then I noticed in the Comptroller and Auditor General's report on the Consolidated Fund for 1923-24 a statement to the effect that a sum amounting to about £6,430,000 had been credited to the revenues, being the net profit on the sale of stocks and interest on the securities held in the British Paper Currency Reserve. It is a very natural and proper

[Sir Basil Blackett.]

use to make of a very legitimate source of income. I do not propose to follow the Honourable Member further into his argumentation about the Babington-Smith Committee Report. He and I agree as to what they intended and I do not think there is much to quarrel about.

Mr. Jamnadas M. Mehta: I do not want to make much of that.

The Honourable Sir Basil Blackett: The Honourable Member called me so many names (he apparently spent some time under the electric light studying the dictionary for vituperative adjectives) that I thought he attached great importance to the point. Nor do I propose to repeat again what I have said more than once this session that in essence there is no difference between an *ad hoc* security and any other security of the Government of India when held in the Paper Currency Reserve. It is an obvious point and it only needs a little thinking to realise that it is so. If the Government of India use this sum, which amounts to about 5½ crores all told, to buy in the market their own securities, they would have to borrow in the market 5½ crores to make good the deficit, that would be caused in their ways and means, because they are always in existing circumstances borrowing and re-borrowing for productive purposes: and the net result of that would have been that they would have wiped out 5½ crores of *ad hoc* securities and replaced them by 5½ crores of securities purchased in the market and they would then have issued to the market 5½ crores of new securities, and I cannot see that any particular change has been made in the security either of the holder of the debt of the Government of India or the holder of the currency note by that entirely unnecessary and cumbersome round-about operation. The Honourable Member may perhaps take courage to himself because, as I have said, the amount of this provision is something over 5½ crores, and whatever his view may be it is that it should not be used for ordinary revenue but that it should be used for some kind of reduction of debt. Well, I do not know whether I should get him to join me perhaps next year and follow me in proposing a slight increase in the provision for reduction of debt so that it may be equal to this total.

Clause 6 was added to the Bill.

Mr. President: Clause 7. So far as Mr. Jamnadas Mehta's proposition* is an attempt to alter the method of assessment it is not in order under the Finance Bill.

Mr. Jamnadas M. Mehta: It was a proposition of my Honourable friend Sir Narasimha Sarma when he was a non-official member. I have simply borrowed the whole amendment textually from him.

Mr. A. H. Lloyd: That was an amendment to an Income-tax Bill, not to a Finance Bill.

Mr. Jamnadas M. Mehta: Then I will take another opportunity.

* "To clause 7 of the Bill the following sub-clause be added, namely:

(4) To section 14 of the Indian Income-tax Act, 1922, the following proviso shall be added, namely:

Provided that subject to such rules as may be framed in this behalf as to the return to be made where the assessee is an undivided Hindu family, the tax payable by an undivided Hindu family on the aggregate taxable income of that family shall be the total of the sums which would be payable by the several members of the family entitled to a share of such income if the family became divided on the 1st of April of the year of assessment."

Mr. President: It is not in order under the Finance Bill.

Clause 7 was added to the Bill.

Mr. President: Schedule I.

Mr. M. K. Acharya's amendment* is out of order as it proposes an increase in taxation.

Schedule I was added to the Bill.

Lala Duni Chand (Ambala Division: Non-Muhammadan): Sir, I beg your leave to move my two motions together and discuss them together, that is No. 14 and No. 26, as they besides being connected are to be supported by the same arguments. And therefore for the sake of convenience and in order to save time I propose to discuss them together. My motions are, Sir

Mr. K. Rama Aiyangar (Madura and Ramnad cum Tinnevelly: Non-Muhammadan Rural): On a point of order, Sir. The Honourable Member is taking up Nos. 14 and 26 together. The one relates to post-cards and the other to letters. I submit it will not be convenient to discuss the two together.

Mr. President: It seems to be convenient to discuss them together. They will have to be put as separate questions from the Chair when we come to the moment of division; but the discussion may be general on the reduction of the rate on letters and on post-cards to the old rate. **Lala Duni Chand.**

Lala Duni Chand: My motions are, Sir:

"That in the case of post-cards 'one pice' may be substituted for 'half an anna'," and

"in the case of letters 'half an anna' may be substituted for 'one anna'."

I consider that the providing of facilities for postal communication is one of the amenities and I should say also one of the necessities of a civilized life. Wherever civilized life is to be found we know that postal facilities are provided. In fact, Sir, so far as I know there is a close connection between civilized life and facilities for postal communication. I therefore submit that from this point of view it is absolutely desirable that facilities should be furnished for postal communication by charging the least possible rates. Another argument that I beg to advance in support of my motions is that it is one of the elementary duties of a civilized Government to afford every facility in the matter of communications. I submit, Sir, in the case of postal rates it should not be expected that the Government should make revenue out of them. It is a duty of the State to provide all its subjects with facilities of communication. No other consideration

* "In Schedule I to the Bill, in the proposed amendments to Schedule II to the Indian Tariff Act, 1894, after amendment No. 1, the following amendment be inserted, namely:

2. In Item No. 37 for the figures and words '75 per cent.' the figures and words '100 per cent.' shall be substituted', and the subsequent amendments be renumbered accordingly."

[Lala Duni Chand.]

except that one is a member of the State should be required for affording postal facilities, and therefore I submit that this Government, which claims to be one of the most civilized Governments, and of course it is a very organized Government, should provide facilities. From these two points of view that I have placed before the House in favour of the reduction of postal rates, I say that the reductions should be accepted by the Government and by the House.

I also, Sir, place another aspect of the question before you. Facilities in the way of postal communications are regarded by the masses as one of the benefits, nay, even as one of the blessings, of British rule. I appeal to your instinct of self-interest, that so far as this frame of mind of the masses is concerned,—from my point of view it is a superstitious frame of mind—you should try to keep the people in that frame of mind. I submit that for a very long time, so long as I can remember, the postal rate in the case of post-cards has been one pice and in the case of letters has been two pice, or half an anna. It is only recently that the change has been made. People have been associated with these rates for a very long time. I understand it was at a time of financial stringency that the increase was made. So far as we have seen from the Budget, the Government are not confronted with those financial difficulties with which the Government were confronted when these postal rates were increased from one pice to half an anna and from half an anna to one anna. I therefore say that Government owe it to the people that these postal rates should be reduced to the level which they occupied for a good many years in the past. I also beg to submit, Sir, that the British Government in this country have very often been regarded as a purely commercial concern. I know that sometimes this description of the Government as a purely commercial concern has been used rather in a bad sense. I do not like that this stigma should attach to the Government in this case. No commercial considerations should enter into the matter of postal rates. So far as I know, the enhanced postal rates will not affect the revenue very materially. I know that the lower the postal rates, the greater will be the number of post-cards and letters sent to different parts of the country. I therefore submit that from this point of view also it is to the interest of the Government that the postal rates should be reduced to the original level. I also beg to submit that there is a very large number of people in this country who have got a very very small income. If I mistake not, I can say that nine-tenths of the people, perhaps more, are those who have an income of something between Rs. 20 and Rs. 100 a month. Now we also know that life has become very complicated, and of course communications have greatly increased. People are much more in the habit of writing post-cards or letters than they were before. In fact now it has become, as I have submitted, one of the necessities of life. Therefore I submit that the very large number of people who have got very small incomes should be saved from this burden. Take the case of a family or an individual who has an income of, say, Rs. 30 or Rs. 40 or Rs. 50, and he is required to write, say, one letter a day or one letter every second day. That means that he will have to spend for writing his letters Re. 1 to Rs. 2 a month. In the case of this large number of people who make very small incomes, it will be a very very hard burden. I have placed these various arguments before the House in the hope that the Government will appreciate this point of view and that this motion will be carried.

Mr. President: Amendment moved:

"In Schedule II to the Bill, in the proposed Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Letters' the following be substituted, namely:

For a weight not exceeding two and a half tolas	...	Half an anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	... ..	Half an anna'."

Mr. Syamacharan (Tirhut Division: Non-Muhammadian): Sir, the present postal rates entail a hardship upon the villagers in another way. We know that post offices are located in almost every important quarter of a town, but such is not the case in the mufassil. In the mufassil the case is different. The case is that in a sub-division we have got a number of post offices located in central places where people of different villages have to come and purchase their post-cards or do other business with the post offices. These villagers, while they have to travel long distances, are ignorant of the rules as well. They forget to purchase post-cards and envelopes and in their necessities they have to drop cards and envelopes unstamped. Now, these unstamped letters are charged these days at the rate of 2 annas or more. If the postal charges of letters be reduced, naturally the charges for unstamped letters would also be reduced. Sir, I therefore beg to support the motion moved by my Honourable friend for the reason that the present postage rates cause hardships on the villagers in the aforesaid ways as well.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I have another motion on this very subject but I just now rise to support the motion moved by my Honourable friend Lala Duni Chand. In doing so, I will speak only a few words. From 1850 to 1921 various Postal Commissions have been appointed from time to time and the policy adopted by the Government has all along been to keep the postal rates low. In 1921 owing to the financial stringency the Government raised the rate of postage in spite of a strong opposition from the Members of the last Assembly. My view on the subject is:

"That in civilised countries communications should never be taxed as it is one of the potent engines of civilization and education."

Again, even the Honourable Sir Charles Innes in 1921 said:

"Nobody certainly in the Commerce Department wishes in any way to tax communications."

In spite of these expressions, the postal rate was increased. So, with this Government mere expressions of sympathy and good wishes do not count for anything. In 1866, the Right Honourable Mr. Massy, the then Financial Member, referring to the raising of the unit of weight said:

"The Post office was so potent an engine of civilization that no Government was justified in allowing fiscal considerations to stand in the way of such an improvement."

But here these considerations have been allowed. Hence on this very principle, fiscal considerations should not be allowed to stand in the way of the reduction of postal rates. But notwithstanding all this, the postage rates have been increased. Now my Honourable friend has moved his motion in order to reduce these rates. He wants that for a letter not exceeding two and a half tolas half an anna should be charged and for every two and a half tolas, or fraction thereof, exceeding two and a half

[Khan Bahadur Sarfaraz Hussain Khan.]

tolas half an anna should be charged. This is only with a view to cheapen the postal rates and help the poor. With these words I support the motion.

An Honourable Member: I move that the question be now put.

The Honourable Sir Bhupendra Nath Mitra (Industries Member): On Thursday last I explained to this House what the policy of Government was in regard to the postal rates. I said that Government's policy in regard to the Post Office and the Telegraph Department taken as a whole was that it should not be carrying letters and mails and sending the telegrams of the people of India at the expense of the general tax-payer. This policy was placed before this House about this time last year, and I cannot see from anything in the debate that it was challenged by any Member of this House. Indeed I find that Mr. Bhubanananda Das said categorically in the course of his speech on the 12th March 1924:

"We do not mind the department being run as a public utility concern, but there should be no loss incurred by the Government of India on account of the Postal and Telegraph Department."

That, Sir, is precisely the policy of the Government of India in regard to that department. I also explained in this House on Thursday last that a similar policy is followed in England, and I stated that last year the Chancellor of the Exchequer in the first Labour Ministry of England refused to make any reduction in the postal rates because, as he said, it was not possible as an economic arrangement. That, Sir, is precisely our position in regard to the reduction in postal rates in India to-day. If it were a fact that the estimates for 1925-26 of the Indian Postal and Telegraph Department had shown a surplus, I fully admit that there would be a case for a demand on the part of this House for a reduction of those rates. But that is not the position. I fully sympathise with the poor man in India who finds that now he has to pay for his post-cards and letters double the rates that he had to pay before the war. But have not prices all round gone up to about the same extent? If prices generally are now about 100 per cent. higher than they were before the war, is it unfair that the conveyance of the mails for the people of India should cost, per unit of traffic conveyed, double of what it used to cost before the war? My friend Lala Duni Chand has said that if we reduce the rate, the poor man will be largely benefited because he would save considerably on the one or two post-cards a week which he sends. (*An Honourable Member:* "One rupee a month.") I am coming to that. In the year 1923-24 the number of post-cards carried by the Postal Department was 533 millions. If my friend will perform a little process of arithmetic and divide that by the population of India, he will find out without any difficulty what the number is of post-cards sent in a year per head of the population in India. It then comes to this. If it is the desire of this House that the postal rates should be reduced, it can only be done by a large deficit in the revenue account of the Postal and Telegraph Department; in other words by a large subsidy from the general tax-payer. I may mention that, roughly computed, the financial effect of the measures recommended by my friend Lala Duni Chand would be about a crore and a half rupees a year.

Diwan Bahadur T. Rangachariar: A crore and a half for both?

The Honourable Sir Bhupendra Nath Mitra: Yes, something like 75 lakhs for each.

Mr. Devaki Prasad Sinha: Will there not be an increase in the number of post-cards sold?

The Honourable Sir Bhupendra Nath Mitra: Well, that estimate allows for a 20 per cent. rise in the number of post-cards conveyed. We made an adequate allowance for that purpose, according to the best statistics we could collect.

Diwan Bahadur T. Rangachariar: May I ask whether this calculation has taken into account the possible increase in the number of post-cards sent?

The Honourable Sir Bhupendra Nath Mitra: Well, I have already replied to that in answer to the question put by Mr. Devaki Prasad Sinha.

Diwan Bahadur T. Rangachariar: I am sorry; I was not listening.

Khan Bahadur W. M. Hussanally: May I also interrupt the Honourable Member, Sir. Is it or is it not a fact that the Postal Department by itself is a paying concern and that the profits made by the Post Office go to fill up the deficit of the Telegraph Department? That is a point which ought to be considered by this House.

Pandit Shambhu Dayal Misra (Central Provinces Hindi Divisions: Non-Muhammadian): Sir, may I ask the Honourable Member whether it will affect the provincial contributions?

The Honourable Sir Bhupendra Nath Mitra: Well, I was coming to that, Sir. I shall first deal with the interpellation of my friend Khan Bahadur Hussanally. I said to start with that the policy of Government is that the Postal and Telegraph Department as a whole should pay its way and not the different compartments of it. It is true that according to the estimates produced for the year 1925-26 the Postal Branch of the Department shows a small surplus and the Telegraph Department a small deficit. It was, however, fully explained by the Finance Member, that the position is provisional, and that the true position will not be ascertained until the accounts for 1925-26 have been compiled. They will in the usual course come under the scrutiny of the Public Accounts Committee.

Khan Bahadur W. M. Hussanally: What is going to happen in the current year, the year about to end, 1924-25?

The Honourable Sir Bhupendra Nath Mitra: Well, we have not been able to separate the accounts

Khan Bahadur W. M. Hussanally: Cannot you tell us whether the Telegraph Department will be self-supporting?

The Honourable Sir Bhupendra Nath Mitra: It cannot be. It will not be self-supporting even in the year 1925-26.

Khan Bahadur W. M. Hussanally: Then it means that the Post Office pays for the Telegraph Department.

The Honourable Sir Bhupendra Nath Mitra: It does in a way to some extent; and as I said before the policy of Government makes no differentiation in regard to the various services run by the combined departments, namely, posts, telegraphs, telephone and radio. The reason is obvious. The various services rendered by the Department are intimately connected with one another; the telegraph, telephone and radio providing merely for a more expeditious method of communication than the postal service. The activities of the Department further are so closely intermingled that it is neither feasible nor desirable to create watertight compartments. A similar arrangement is followed in England where large increases in postal rates have been made of recent years in order to balance the combined accounts and in spite of surpluses in the postal branch

Khan Bahadur W. M. Hussanally: Is it a fact that long distance telephones show a large deficit?

The Honourable Sir Bhupendra Nath Mitra: Well, telephones as a whole do not show a large deficit. If the Honourable Member had examined the detailed estimates he would have seen that the aggregate deficit for the telephone service is something in the neighbourhood of 3 lakhs a year.

Khan Bahadur W. M. Hussanally: Which is borne by the Post Office?

The Honourable Sir Bhupendra Nath Mitra: Now the position is this. If it is the deliberate opinion of the House that the general tax-payer must pay a subsidy to the Posts and Telegraphs Department in order that a certain section of the public may enjoy the benefit of cheap postal rates, the money must be found by the House from some other source; and in reply to my Honourable friend over there (Pandit Shambhu Dayal Misra) who asked me a question just now, the obvious alternative would be a further reduction in the relief to the Provinces.

Mr. N. M. Joshi: What about the 4 crores? It should come from that.

The Honourable Sir Bhupendra Nath Mitra: The House having already passed that Demand, I think it would be impudence on my part to revert to that matter. I think, Sir, that I have dealt with the specific points raised by Lala Duni Chand. As the other gentlemen did not bring to light any specific points, I have nothing more to say.

Khan Bahadur W. M. Hussanally: Sir, I wish just to say a few words in support of the proposition brought forward by my friend, Lala Duni Chand. It is a fact that telegraphs and telephones do not pay, and, as has been admitted just now, they will not pay in the next year also. The postal rates are no doubt very heavy; and they have never realised the income that was anticipated when these high rates were imposed, and the country

thinks therefore that the best thing for the Government to do would be to increase the telegraph and telephone rates and make these two branches of the Department pay for their own cost so as to relieve the general tax-payer as far as postal rates are concerned. There is no other remedy. The postal rates must come down. The 2½ tolas now allowed for one anna benefits only the mercantile community. . . .

The Honourable Sir Bhupendra Nath Mitra: May I interrupt the Honourable Member for a minute? If he has read the estimates he must have seen that the surplus in the postal compartment amounts only to about Rs. 29 lakhs, whereas the cost of the measure advocated is a crore and a half a year.

Khan Bahadur W. M. Hussanally: I dare say the Finance Department has got many crores up their sleeves, to find the difference; and if the telegraph rates and telephone rates are raised, the deficit that my friend anticipates will be much less, and I would strongly recommend that course so that the general tax-payer may be relieved so far as postal rates are concerned. I was referring to the fact that the present 2½ tolas per anna benefits only the mercantile community and nobody else. The ordinary man in the street writes small post cards or letters not exceeding half a tola and for that he is made to pay one anna, whereas the mercantile community, who write very long letters on thick paper, benefit very considerably by the two and a half tolas. Therefore I say that these postal rates must come down and the telegraph and telephone rates must be increased.

Diwan Bahadur M. Ramachandra Rao (Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, the Honourable Sir Bhupendra Nath Mitra in answer to this motion said that the only alternative which the Government have in regard to the request contained in this motion was for the general tax-payer to find the money. Sir, a good number of parallels in the Parliamentary system have been referred to from time to time in this House and the one great complaint that we have against my Honourable friend and his colleagues is that they are absolutely irresponsible to this House. I do not wish, Sir, to refer to the general constitutional question which has been so often raised or to the question of the provincial contributions in this connection. Both of these seem to have come to stay in this House, and so long as we do not get a clear idea of the intentions of each side we shall always be referring to them. Sir, our complaint is that, so far as Posts and Telegraphs are concerned, the Incheape Committee suggested reductions and that those reductions were effected in the course of 1922 and 1923. I do not wish to refer at this late stage of our discussions to the general reductions which the Incheape Committee have suggested and the extent to which these have been carried out; but I wish to inform the House of the position that had arisen in 1922-23. If Honourable Members will refer to the Explanatory Memorandum of the Financial Secretary they will see that the actual expenditure in 1921-22 was 864 lakhs and in 1922-23, 859 lakhs, leaving a balance of 107 lakhs of net receipts in the hands of the Posts and Telegraphs Department. Then, Sir, again in 1923-24 the actual expenditure was 905 lakhs leaving a balance of 85 lakhs; in 1924-25 the budgetted expenditure was 919 lakhs and the revised figure 922 lakhs leaving a balance of 84 lakhs. For the coming year the expenditure is put at 975 lakhs or about 50 lakhs more than the revised figures, leaving a balance of 35 lakhs. The rates have been

The Honourable Sir Basil Blackett: I do not wish to interrupt the Honourable Member, but he is comparing like with unlike. We have commercialised the accounts for this year and for 1925-26.

Diwan Bahadur M. Ramachandra Rao: I am perfectly aware of the fact, Sir, that the accounts have been commercialised, and the effect of commercialisation was to charge about 66 lakhs for interest and also about 50 lakhs for pensionary charges. Various other charges also have been debited in the accounts.

Now, Sir, the real point that I wish to raise in regard to this matter is this. These rates were increased in 1922, I think, and as a result of these increased rates, the Government have at their disposal an additional revenue of at least $1\frac{1}{2}$ crore of rupees. Now I ask my Honourable friend the Finance Member whether, as a matter of fact, he has any intention, either now or hereafter, of considering the question of the reduction of rates, and if so, how he proposes to do it. If he has absolutely no intention of reducing the postal rates, I submit we shall have no other alternative except to force the Government to consider this question in a serious manner by forcing a decision on this issue. I would ask the Honourable the Finance Member whether, the rates having been increased in 1922-23, he and his department have any intention of reverting to the old rates to the extent they can, or whether Government have no intention at all either now or hereafter of making a reduction in the postal rates in the manner suggested in these two amendments. If they have no intention of reducing the postal rates, then let them say so clearly, but unless they answer any of these questions, if they merely say that the expenditure is balanced, we should regard the answer which Government give as most unsatisfactory.

There is no doubt whatever that the question of the reduction of postal rates has engaged public attention throughout the country ever since the increase was effected. I have heard statements made in the debates of this House by Members representing the Government, of course when it suits them, that they pay some attention to public feeling in this matter; but when it does not suit them, they say that their responsibility makes them override public feeling and the demand made by the public. Now in this case I am perfectly certain in my mind that the one thing which the poor people feel is the high postal rates and the reduction of postal facilities. I have quoted the figures on a previous occasion to show that since the increase in rates has been effected the reduction of postal facilities has seriously affected the public in a variety of ways. As I say, Sir, one-fifth of the post-cards and one-fifth of the letters have disappeared from the post office list. The Honourable Member asked what is the percentage of letters per year which the people of India write or send through the post offices? If it is 500 million letters and 500 million post-cards, the average will be $1\frac{1}{2}$ post-cards and $1\frac{1}{2}$ letters per annum for each individual in this country. Now, I ask the Honourable Member to say whether it is a reasonable state of things, and whether it is not necessary for the Government to undertake an inquiry as to whether the facilities that existed before the increase in the rates was effected could not be restored, and whether any attempt could be made to go back to the old rates. That is the question that I should like to ask in connection with this matter.

Then, Sir, I wish to make one or two other observations. As the accounts are framed, if there is a surplus under the head of Post Office, I submit

Sir, under that head the general public who contribute to that revenue should have the benefit of the surplus. The surplus this year, according to the accounts before us, is Rs. 29,28,000, and that is devoted to making up the deficits under the head of Telegraphs including radio and telephones. The classes of individuals who contribute to this revenue are somewhat different. Every villager contributes to the Post Office; probably the comparatively rich man contributes to the telegraphs and probably the man who wants to have quicker communication contributes to the telephone charges. Now, in these circumstances, it seems to me that there should be a thorough investigation not only of all possible sources of economy, but also of the incidence of these charges and the extent to which each of these three heads should be contributory both to the general revenue as well as to the expenditure under the heads of these departments. And I am certain that, if my Honourable friend undertakes an inquiry at this time, I am certain he will find ways and means to meet the demands so insistently made throughout the country and in this House. I do not wish to dilate further on this point but I should like my Honourable friend opposite to tell us where we are in this matter? Are Government likely to make any serious attempt, if not at once, are they going to undertake an inquiry at all? (*Mr. C. S. Ranga Iyer*: "Will that inquiry satisfy you?") Well, Sir, we have had many inquiries. Many inquiries do not satisfy us or anybody else, but what I want is definite action towards the reduction of postal rates. Are you going to do it? The only way we find in present circumstances is to compel you to do it in the manner suggested in this amendment. (*The Honourable Sir Bhupendra Nath Mitra*: "What about the inquiry into the grievances of subordinate employees?") Well, Sir, I guarded myself in previous motions with the admission that I would rather have a reduction of postal rates than any inquiry into the grievances of postal employees or superior officers or anybody else. I still say I do not want any subordinate of Government to suffer from any refusal of Government to redress their reasonable grievances such as those that might exist. But we are not responsible for the high scales of pay in the superior services nor are we responsible for the overrecruitment which I contend still exists in the superior services of this Department. We are not at all responsible. Government distribute all the funds which come into their hands in the Department as they like. Therefore, Sir, on behalf of the general public I wish to have a clear answer to the position I have taken up. Do you propose or will you take any steps towards the reduction of these rates?

An Honourable Member: I move, Sir, that the question be now put.

Sir Geoffrey Clarke (Director-General of Posts and Telegraphs): Sir, we have had many charges levelled against the administration of the Post and Telegraph Department. Among those charges we were told that the Department is conducted with extravagance, that we have got a top-heavy administration, that we have got too many officers, and that we pay too highly for their services. As regards the Telegraph and Telephone side of the Department, a Committee has just sat and the report will be published at the end of this month dealing with certain reorganisation in these branches especially. As regards the Post Office, before proceeding actually to the question of rates I would like to deal with some questions which, according to Members of this House, affect the postal rates very closely. This top-heavy administration consists of 29 officers, of whom 4 officers are in the Wireless Branch and mainly for accounts purposes, are attached to

[Sir Geoffrey Clarke.]

the Director's office; 3 officers are in the Research Branch under the Chief Electrician, so we are left with 22 officers to deal with the vast postal and telegraph administration of this country, with every conceivable subject, with railway transport, with money orders, with savings banks, with steamer services, contracts, purchase of stores, and hundreds of other things that we have to deal with in the Post and Telegraph Department. We have only got 22 officers or one officer to 5,500 employees. Take the general question of officers in the Department. There are 551 officers in the Department, of whom 421 draw pay between Rs. 250 and Rs. 750 a month. That is they really hardly rank as officers. In a department like the Post Office where you have offices scattered all over this vast country at long distances from each other, you must have a large number of what I may call subordinate supervising officers, otherwise the work could not be carried on. After deducting these 421 officers, we are left with about 130 superior officers in the department, or one officer to every 900 men. Is there any regiment or battalion, however Indianised, which can be expected to work even in peace time with one commissioned officer? I think you will agree with me that on these figures, this Department is neither top-heavy nor is it overburdened with officers. We have had proposals from several Members of this House, proposals which have obviously come from sources which we know, giving us suggestions as to how we should reduce our expenses. We have been told that we should abolish practically all our supervising staff—superintendents of every kind—and introduce inspecting postmasters. We have tried this in one division in Bombay and it was a dead failure. We found that instead of having a good Superintendent and a good postmaster, we had a bad Superintendent and an indifferent postmaster. May I in connection with this question of supervision in the Post Office give you a very few facts regarding the work which we did last year? Last year, the Post Office handled in the sale of stamps, in dealing with money orders and in Savings bank transactions—that is across the counters in cash—about Rs. 133 crores. The defalcations were Rs. 1,17,000, that is, one rupee in every Rs. 11,000 handled. On the insurance side, we carried Rs. 158½ crores (declared value) of insured articles and the losses were Rs. 1,48,000. As Mr. Darcy Lindsay told the House the other day, the principle of insurance in the Post Office is a peculiar one. The public come to the Post Office and insure an article for Rs. 200, while it contains from five to ten or twenty thousand rupees. Money in this country passes through the post by means of currency notes. Senders go to my friend Mr. Darcy Lindsay, that is to his Company, and they insure the balances with him. These Insurance companies have such faith in this Department that they will insure the full value for a nominal sum. But the Post Office carries at least ten times the declared value of the insured articles. Last year, the Post Office, on a conservative estimate carried over a thousand million sterling of insured articles and the loss was Rs. 1,48,000, or one rupee in every lakh of rupees. I will come to my point. What is the reason of this? Supervision, supervision and again supervision, and if you take away the supervision, supervision from the Post Office, if you reduce these officers who are continually touring and continually examining our small offices, for every man you reduce, you will lose four or five times his pay in losses and in defalcations. You may be perfectly sure of that. I speak of the Post Office as an expert. I have been in it for 22 years and I am perfectly convinced that its one great saving, its one great merit and the one reason why the Indian Post Office stands so high and has such a splendid reputation for honesty is our

excellent body of supervising officers. (*Mr. M. K. Acharya*: "Honesty of the subordinate staff?")

Now, Sir, I will proceed to the cost of the services. The Inchcape Committee undoubtedly did recognise the very great increase in the cost of the Post Office in the last ten years. But the staff has increased, and their pay has more than doubled and the cost of our services has doubled. We pay the railways twice what we used to pay for the haulage of our mail Vans. We have introduced motor services all over the country. I must admit that we have not run the Post Office on the grounds of petty parsimony and petty economies. We have tried to give the public the most up-to-date service that we can give. We have introduced motor service wherever possible. One Member to-day was talking about the value of motor services all over the country. The Post Office has been responsible for all the most important motor services over the mufassil of India. That wild tract, which my friends from Madras will remember, the Chettianad, which our railways have not yet discovered, we have discovered and we have got our motor services to that place. It is probably their only means of communication. You must agree that in the Post Office we cannot go back to the days of the bullock cart and runners. We must keep ahead

6 P.M. of the times. We have got to use the best trains for taking our mails, we have got to use the best steamer services and the best means of transport. These things cost money, and they cost a very great deal more than they used to and the Post Office has to bear the expense of these services.

I now come to the question of rates. On the question of economy of staff the Post Office is always looking into every possible means of economy, but I cannot promise any Honourable Member that there are any very substantial means of reducing the expenses of the Post Office at present. On the question of rates the general position is really that certain Honourable Members of this House want to have a half anna letter and a quarter anna post-card instead of one anna letter and a half anna post-card which was introduced in 1922. That is really the general position. There are a number of minor amendments about changes in various classes of weight. But you have got to remember that with postal articles whatever the initial weight is, the public will accommodate themselves to that immediately, and if you reduce the minimum weight of your letter to one tola or half a tola you will find in one month 80 per cent. of your articles within the minimum of your initial weight. That is a proved postal fact all over the world. The public immediately adapt themselves to what is called the initial weight of postage. You may take it that whatever minimum weight you may like to put your losses will be very nearly the same for any general reduction of the postage from one anna to half anna for letters and from half anna to quarter anna for post-cards. Now, these postal letter rates were fixed in 1851. 1851, may I refer to my Honourable friend, Dr. Hyder, and ask him what measure of value of half anna and quarter anna had in 1851 and what they have in 1925 in the terms of any other commodity you like to name, and yet here is this fetish of the quarter anna post-card and half anna letter! You ask the post office to supply a service for quarter anna which you could not get even for three or four times that quarter anna in the case of every other commodity.

Khan Bahadur W. M. Hussanally: Does the Honourable Member say that the post-card was introduced in 1851?

Sir Geoffrey Clarke: Yes. 1851.

Khan Bahadur W. M. Hussanally: Post-card?

Sir Geoffrey Clarke: I beg your pardon. The letter rate was introduced in 1851 and the post-card in 1881. May I in this connection read the words of the Postmaster General of the United Kingdom in the speech delivered by him in the House of Commons only last month on the question of the reduction of postal rates in England? The postal rates in England are $1\frac{1}{2}d.$ or $1\frac{1}{2}$ annas for the initial rate of the letter, and $1d.$ or one anna for the post-card. He said:

"It is a little strange to find how the public clings to the idea of the penny post of Victorian times, and will not be persuaded to part with it. Each year as budget time approaches the public begin to be uneasy in mind because of the burden of the postage rates. . . . The philosophy of the matter is that the penny stamp has changed in value since Lord Hill's days. The penny pencil, the penny match box, the penny bootlace, the penny newspaper are extinct. It is still possible to provide oneself with cheaper substitutes for these articles; but the Post Office comes to the rescue by providing a cheap means of communication in the penny post-card. That in these days is as much as we can look for."

That is the position in England. In India we carry post-cards and letters at very much less rates than those in England. We have a further expense in dealing with a small volume of mails, compared with the immense volume of mails dealt with in England. We have to maintain our small post offices for 200 or 300 letters a week. It would not cost a penny more if these offices handled 2,000 or 3,000 letters a week, and in India we do have extremely expensive services to maintain. I do not think that anybody can consider that, at the present day, the half anna card and one anna letter are an expense or a burden to any one. Now, think of the work we have to do on a post-card. That post-card has got to be cleared out of a letter box, taken to the post office, sorted and put into a bag and sent off to a station, re-sorted, re-bagged, perhaps re-sorted and re-bagged two or three times more, sent off by a steamer or by railway train to a distant destination of perhaps thousands of miles. When it reaches its destination it is taken to a distant village by a village postman who may be two or three days on his beat. You get all that for half an anna. Now, can any one give a service like this for half an anna except the Post Office? The country is lucky in having such a cheap service. It is quite impossible to run this department under any Government, whether it be the Swarajist Government or any other Government, at the reduced rates. It is not possible that is, if you wish the Post Office to be self-supporting and not a drain on the general tax-payer and surely it is desirable that this great Department which is used by millions of people should pay its way.

Now, as I said in my speech some years ago on the question of this cheap postage, postage that does not pay its way is really a very serious burden to the Department. It affects every possible development and progress in the Post Office. Take the case of the rural post offices. As I said before the rural post office brings us in 15 or 20 rupees a month. In the old days, before we raised the wages all round we were able to get a branch postmaster for Rs. 6 and a runner for about Rs. 7, that is for Rs. 13 and that post office paid its way. Now-a-days we pay that postmaster Rs. 10 and the runner Rs. 14 or Rs. 15 and that brings the cost to Rs. 25, and you cannot get that post office to pay its way at the old rates. It will run at a dead loss and you cannot expect the Post Office as a commercial department to be enthusiastic about opening rural

post offices. Every one of them must be run at a loss. Now, this one anna letter and half an anna post-card enable us to extend rural facilities in this country and in proof of that we were able this year to open 800 rural post offices in India. If we go back to the quarter anna card and the half anna letter, I can assure you that all the development of this Department will have to cease and it will have to be run at a heavy deficit and it will absolutely block our efforts to do anything. (*A Voice*: "The telephones are run at a loss.") The telephone question does not come in here and I am not going to discuss it here. I do not think my Honourable friend has correct information on that point. Now, on this question of postal rates, the Director General of the Post Office is between the devil and the deep sea. I am not going to say which the devil is and which the deep sea. Still he has got to consider on one side the public and on the other side his own staff. At the present moment the Honourable Member on my left is going to receive, with myself, a deputation from the postal workers of India, the clerical staff, the postmen, the packer staff and porters with a view to improve their general conditions of service and perhaps to consider their rates of pay. If this House is going to reduce the postal rates and give us a loss of a crore and a half on the working of this Department next year, I can only ask my Member to let that deputation stay where it is. It need not waste its time in coming to Delhi, because I can answer for him. He can do nothing for them. If they reduce these postal rates the Assembly will themselves give the answer to that Postal Deputation; because it will be quite impossible, with the loss of a crore and a half facing us, to consider any one of their proposals. Well I do not want to bring that up as an argument for postal rates. I am only saying what may happen. Now, Sir, in connection with this, all I can say is that I think the Post Office does deserve a fair return for the services that it has rendered and is rendering to the public. The labourer is worthy of his hire, and everybody in this House will admit that the Post Office of India has done well by the country. (*Applause*.) I do not think there is any department in the country which holds a more abiding place in the affections of the people. And these workers who have worked for you loyally and well they do expect a certain amount of recognition from the elected representatives of the people. The Post Office of India perhaps gives more facilities to the public than any other Post Office that I have ever come across, and I have had experience of a good many. It holds a very high place among the Post Offices of the world for efficiency, and efficiency is what we have always aimed at, efficiency in the public interest. They have a tradition, of good, honest and loyal work. Now I do ask this House to enable this Department to preserve that fine tradition and to maintain the great reputation which this Department has earned in the past. (*Applause*.)

Mr. K. Rama Aiyangar: Sir, I have two motions in my name, Nos. 17 and 22. (*Cries of "Withdraw, withdraw"*.) I do not propose to move No. 17 which relates

Diwan Bahadur T. Bangachariar (Madras City: Non-Muhammadian Urban): Might I, Sir, with your permission, move for the adjournment of the consideration of this question till to-morrow? Vital issues are involved in the step which we are advised to take on this vote, and we on this side of the House would like to consider the implications that have been

[Diwan Bahadur T. Rangachariar.]

raised as to how . . . (*Cries of "Louder, louder"*.) I am mentioning that we should like to have an adjournment till to-morrow morning for consideration of this question. It is a very important question on which we want to bestow serious consideration. At any rate we on this side of the House want to give it serious consideration before we record our vote and further endanger the surplus. And therefore, Sir, I move the adjournment of the debate till to-morrow. (*Cries of "No, no"*.)

Mr. President: Motion moved:

"That the further consideration of Schedule II be adjourned till to-morrow morning."

The Honourable Sir Basil Blackett: Sir, I would suggest to the House that they should come to a decision on this particular amendment. There are quite a considerable number of other amendments still to discuss and we are pretty short of time as things stand. There is other business to be done to-morrow besides the Finance Bill, and opportunity for discussion of this subject has already been given for I think well over an hour. I do not see any reason why this particular amendment should not be decided upon to-night.

Diwan Bahadur T. Rangachariar: I thought, Sir, you were going to put both the questions together. That was why I moved my motion.

Mr. President: I shall put separately the question relating to letters, and after that has been decided, the question relating to post-cards.

The question is that the debate be adjourned.

The motion was negatived.

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhaminadan Rural): Sir, there are two motions standing in my name. I do not propose to move No. 17, and I propose to confine my remarks to No. 22, that is with reference to post-cards alone. (*Cries of "Withdraw, withdraw"*) I may at once say that after listening to the Honourable Sir Geoffrey Clarke it is very difficult for one not to value the force of his utterances. I am willing to do that, Sir. I am only placing before this Assembly my view that, in so far as commercialisation is concerned, the question before the House does not touch the Telegraph or the Telephone Department, and we are concerned only with the Postal Department. For some time the Government were saying that the Postal Department was working at a loss and the Telegraph Department was working at a gain. It is now ascertained that the Postal Department even on the materials before us is working at a gain and the other Departments are working at a loss. On the basis of that, 66 lakhs of rupees are taken away as interest payable on the capital invested in these three Departments, the Postal Department's contribution to such interests being only 8 and odd lakhs. On that basis we have now 29 lakhs balance left in the Postal Department, so that it should be borne in mind that we are concerned with only the Postal Department and that that Department, even after paying the debit of interest on the capital, is found to have a balance of 29 lakhs surplus. The question that should really weigh with this Assembly is, what is the amount which it will

lose if we reduce the half an anna rate to quarter of an anna for post-cards alone? My calculation of it is, Sir, that it will be affected to the extent of only 46 lakhs. I want the Honourable Member in charge of the Department and the Honourable Sir Geoffrey Clarke to correct me if I am wrong, but I will explain myself so that it may not be left at that stage. (*The Honourable Sir Basil Blackett*: "The figure is 75 lakhs.") There are two views on this point. According to one the figure is 75 lakhs, and I am prepared to take Sir Basil Blackett's statement; it is not proper for me to dispute that statement. We will therefore take it at 75 lakhs. What do we find? I say let us convert this half an anna post-card into a quarter of an anna post-card, because on a comparison of the post-card figures of 1922-23 and 1921-22 and the figures of 1923-24 for which we have got actuals, and taking also the revised estimate of 1924-25 into consideration for post-cards, it will be clear that post-cards have fallen off in numbers from one million and one million and a half, and that is a point that you have to take into consideration. Ordinarily, before 1921-22, if you take the figures for ten years you will find that the total number of post-cards had been steadily increasing, so much so that the average increase of the Postal Department, although there was no change in the taxation, came to 30 lakhs extra. But since 1922-23 it has steadily fallen except that now, taking all postal articles into consideration, there is an excess of 1 per cent. and odd only in postal articles ultimately. The effect of it will be that if you reduce it by one-quarter you will have an extra income by the reduction in the price of post-cards and that I submit will naturally give you according to my calculation at least about 20 lakhs. There is one other method of arriving at the same conclusion. Take the incomes of 1922-23 and also the income of 1923-24. In 1921-22 you will find that

Mr. President: The Honourable Member is now discussing the finances of the department and not the proposal to reduce the postal rates.

Mr. K. Rama Aiyangar: Probably I am not saying it as directly as I would have wished to say. Therefore I say that by this reduction you will increase the number of post-cards and I expect about 20 lakhs extra out of it. I then ask you, Sir, to give credit to the Postal Department for all that they have been doing till now. It is a commercial department. The Honourable Sir Basil Blackett in his budget speech has stated that they have not yet definitely come to the conclusions on the amounts to be allotted to each of these Departments and the method is in the process of formation. It is being examined and there are one or two points which I wish to suggest which will show that actually it has proved defective so far. I drew the attention of the other side even during the discussions on the Demands that in the case of the Marine Department and the service of the Indian States credit has not been given, as it used to be given in the previous years, which would give us about 15 lakhs extra. That is what I said and I see that even the Honourable Sir Geoffrey Clarke has not touched that point. Besides, Sir, the actual amount of capital that has been invested in this department has to be deducted to the extent that the revenues have contributed to capital and the charge of 66 lakhs that we have made to the department reduced in proportion.

Mr. President: The Honourable Member is again discussing the general finance of the department and not the postal rates to which he must now come.

Mr. K. Rama Aiyangar: The credits will have to be given in the course of this year for which this amount will necessarily give you 66 lakhs. That is just what I am saying. It is not that I want anything to be taken from the Department or from the general revenues. I want that this commercialised department should be worked as promised by the Honourable Sir Basil Blackett. The 25 lakhs that we have already got *plus* the 10 lakhs that will be credited will give you the amount and whatever extra amount is wanted will be had by the increase in the use of post-cards as well as letters. (*Several voices:* "Withdraw, withdraw.") So far as this reduction is concerned, it does not affect the General Budget. Every credit has to be given to the service rendered by the Department. That is the principle of the commercialisation. Of course, I am in favour of the question of supervision, staff, etc., being treated properly. But the question that was taken up by the Honourable Sir Geoffrey Clarke was quite on a different basis. I do not want to discuss it now. All I want to say is that this reduction in expenditure will really give you the necessary additions to the revenue and so far as the quarter-anna post-card is concerned, there is enough money. I think it is improper to introduce into this aspect of the case the argument that has been advanced by Sir Geoffrey Clarke about extra payments to be made as the whole question has to be dealt with separately. There is a balance now, why should you tax more? Why should you not have this reduction in rates; that is the question I raise?

An Honourable Member: I move that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted.

Mr. President: The original question was:

"That Schedule II stand part of the Bill."

Since which an amendment has been moved:

"That in Schedule II to the Bill, in the proposed Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Letters' the following be substituted, namely:

' For a weight not exceeding two and a half tolas	...	Half an anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	... ..	Half an anna '."

The question I have to put is that that amendment be made.

The motion was negatived.

Mr. President: The original question was:

"That Schedule II stand part of the Bill."

Since which an amendment has been moved:

"That in Schedule II to the Bill, for the entries under the head 'Post-cards' the following be substituted, namely:

' Single	...	...	...	...	...	Quarter of an anna.
Reply	...	...	...	...	...	Half an anna '."

The question I have to put is that that amendment be made.

The Assembly divided:

AYES—52.

Abdul Karim, Khwaja.
 Abhyankar, Mr. M. V.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswami.
 Aiyangar, Mr. K. Rama.
 Alimuzzaman Chowdhry, Mr.
 Ariff, Mr. Yacooob C.
 Bhat, Mr. K. Sadasiva.
 Chaman Lall, Mr.
 Chanda, Mr. Kamini Kumar.
 Chetty, Mr. R. K. Shanmukham.
 Duni Chand, Lala.
 Dutt, Mr. Amar Nath.
 Ghazanfar Ali Khan, Raja.
 Goswami, Mr. T. C.
 Gulab Singh, Sardar.
 Hans Raj, Lala.
 Hari Prasad Lal, Rai.
 Hussainally, Khan Bahadur W. M.
 Ismail Khan, Mr.
 Iyengar, Mr. A. Rangaswami.
 Jeelani, Haji S. A. K.
 Joshi, Mr. N. M.
 Kazim Ali, Shaikh-e-Chatgam Maulvi.
 Muhammad.
 Kelkar, Mr. N. C.
 Kidwai, Shaikh Mushir Hosain.
 Lohokare, Dr. K. G.

Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jasnadas M.
 Misra, Pandit Shambhu Dayal.
 Misra, Pandit Harkaran Nath.
 Murtuza Sahib Bahadur, Maulvi
 Sayad.
 Narain Dass, Mr.
 Nehru, Dr. Kishenlal.
 Nehru, Pandit Motilal.
 Nehru, Pandit Shamlal.
 Patel, Mr. V. J.
 Phookun, Mr. Tarun Ram.
 Piyare Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Ray, Mr. Kumar Sankar.
 Samiullah Khan, Mr. M.
 Sarda, Rai Sahib M. Harbilas.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Shafee, Maulvi Mohammad.
 Singh, Mr. Gaya Prasad.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Devaki Prasad.
 Sinha, Kumar Ganganand.
 Syamacharan, Mr.
 Tok Kyi, Maung.
 Yusuf Inam, Mr. M.

NOES—58.

Abdul Mumin, Khan Bahadur
 Muhammad.
 Abdul Qaiyum, Nawab Sir Sahibzada
 Abul Kasem, Maulvi.
 Ahmad Ali Khan, Mr.
 Ahmed, Mr. K.
 Ajab Khan, Captain.
 Akram Hussain, Prince A. M. M.
 Ashworth, Mr. E. H.
 Badi-uz-Zaman, Maulvi.
 Bhoire Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Bray, Mr. Denys.
 Burdon, Mr. E.
 Calvert, Mr. H.
 Clarke, Sir Geoffrey.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Dalal, Sardar B. A.
 Das, Mr. B.
 Datta, Dr. S. K.
 Fleming, Mr. E. G.
 Fraser, Sir Gordon.
 Ghulam Bari, Khan Bahadur.
 Graham, Mr. L.
 Hudson, Mr. W. F.
 Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.
 Jinnah, Mr. M. A.
 Kasturbhai Lalbhai, Mr.
 Lindsay, Mr. Darcy.
 Lloyd, Mr. A. H.

Mahmood Schamnad Sahib Bahadur,
 Mr.
 Makan, Mr. M. E.
 Marr, Mr. A.
 McCallum, Mr. J. L.
 Mitra, The Honourable Sir Bhupendra.
 Nath.
 Moir, Mr. T. E.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Ismail, Khan Bahadur
 Saiyid.
 Mutalik, Sardar V. N.
 Pal, Mr. Bipin Chandra.
 Purshotamdas Thakurdas, Sir.
 Rajan Bakhsh Shah, Khan Bahadur
 Makhdum Syed.
 Ramachandra Rao, Diwan Bahadur
 M.
 Rangachariar, Diwan Bahadur T.
 Rau, Mr. P. R.
 Rhodes, Sir Campbell.
 Rushbrook-Williams, Prof. L. F.
 Sastri, Diwan Bahadur C. V.
 Visvanatha.
 Setalvad, Sir Chimanlal.
 Singh, Rai Bahadur S. N.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Venkatapatiraju, Mr. B.
 Webb, Mr. M.
 Willson, Mr. W. S. J.
 Wilson, Mr. R. A.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Wednesday,
 the 18th March, 1925.