

Saturday, 26th March, 1927

**THE
COUNCIL OF STATE DEBATES**

VOLUME I, 1927

(8th February 1927 to 29th March 1927)

THIRD SESSION

OF THE

SECOND COUNCIL OF STATE, 1927



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COUNCIL OF STATE.

Saturday, 26th March, 1927.

The Council met in the Council Chamber of the Council House at Ten of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

GRIEVANCES OF THE MEMBERS OF THE INDIAN SERVICE PENSIONS ASSOCIATION.

211. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Have the Government received any memorial or appeal from the Honorary Secretary of the Indian Service Pensions Association?

(b) Has their attention been drawn to the publication of the grievances of the members of this Association in the *Pioneer* of the 25th June, 1926, and in the *Madras Mail* of the 8th July last?

(c) What action has been, or is proposed to be, taken?

THE HONOURABLE MR. A. F. L. BRAYNE: (a) No.

(b) Yes. Government have seen the article referred to.

(c) The matter has been carefully considered on several occasions both by the Secretary of State and the Government of India. The Government do not propose to take any action.

NUMBER OF QUARTERS AVAILABLE FOR THE MIGRATORY ESTABLISHMENTS OF THE GOVERNMENT OF INDIA OFFICES IN NEW DELHI.

212. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) What is the number of quarters available for the migratory establishments of the Government of India offices?

(b) What percentage does the number of each type of quarters bear to the demand for quarters of that type?

(c) Is it a fact that there is less difficulty in meeting the demand for unorthodox quarters for clerks than that for orthodox B, C and D type quarters?

(d) For whom are these unorthodox quarters intended? If Indian clerks want these quarters, what conditions have they to satisfy?

THE HONOURABLE MR. A. C. McWATTERS:

(a) Unorthodox clerks quarters	.	.	.	184
Orthodox clerks quarters	.	.	.	575
			Total	759

(b) The demands have been met in full except in the following classes of quarters, in which the percentage is as follows:—

Unorthodox quarters	C class	.	.	.	61 per cent.
Orthodox quarters	A "	.	.	.	24 "
	B "	.	.	.	22 "
	C "	.	.	.	58 "
	D "	.	.	.	54 "

(c) Yes.

(d) The unorthodox accommodation is intended for those who live in that style. The only other condition to be satisfied is that the status of the applicant should be appropriate to the style of quarter applied for.

QUARTERS ALLOTTED TO THE DIFFERENT OFFICERS IN NEW DELHI.

213. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) How many quarters were originally applied for by each of the Secretariat offices of the Government of India?

(b) How many were allotted to each of them and how many of them were subsequently surrendered by each of them?

(c) How many of the quarters of each type, which were surrendered, are still vacant?

(d) Is it a fact that there is no separation allowance for men in attached and subordinate offices of the Government of India?

(e) If so, do they receive preference in allotment?

(f) If there is such preference, what form does it take?

THE HONOURABLE MR. A. C. McWATTERS: (a) and (b). Statements giving the information required will be supplied to the Honourable Member.

(c) Of the quarters that were surrendered two unorthodox in New Delhi and two orthodox in Old Delhi are vacant.

(d) Yes; but the staff of the attached and subordinate offices receive a Delhi Camp Allowance.

(e) and (f). Do not arise.

PRINCIPLE FOLLOWED IN THE ALLOTMENT OF QUARTERS IN NEW DELHI.

214. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) On what principles is the allotment of quarters made in the several offices of the Government of India?

(b) (i) What are the principles followed by the Indian Stores Department?

(ii) How do these differ from those followed by all other offices?

(iii) Was the difference brought to the notice of the Chief Controller of Stores and the Department of Industries and Labour?

(iv) If so, what was the action taken?

(v) Is it a fact that forty to fifty per cent. of the members of the Indian Stores Department represented to the Chief Controller that they had no confidence in the Direction Section and suggested in regard to the

allotment application of the principle of either seniority or juniority right through, without mixing up both with certain other preferences?

THE HONOURABLE MR. A. C. McWATTERS: (a) Allotments are generally made on the principles that the quarter allotted is appropriate to the status of the allottee and that the allotments are to the best financial advantage of Government.

(b) (i) The same principles are followed by the Indian Stores Department.

(b) (ii), (iii) and (iv). Do not arise.

(b) (v) A representation was made to the Chief Controller by thirty-seven members of the Indian Stores Department against the detailed allotment of quarters proposed in his office for the season 1926-27. After personal examination, the Chief Controller was satisfied that the proposed allotment was unexceptionable and fairest both to the Government and to the general body of the members of his establishment.

THE CHIEF SUPERINTENDENT, INDIAN STORES DEPARTMENT.

215. THE HONOURABLE MR. V. RAMADAS PANTULU: With reference to the answer to question No. 1019 in the Legislative Assembly on the 1st March, 1926?

(a) Is it the case that the Superintendent, Engineering Branch, was the superior of the Chief Superintendent in regard to both qualifications and pay? Did the present Chief Superintendent appear, at any time or times, for the Subordinate Accounts Service examination and fail?

(b) If the answer to either or both parts of (a) is in the affirmative, were the facts brought to the notice of the Government of India by the Chief Controller when he recommended the promotion of the Chief Superintendent over the Superintendent, Engineering Branch? If not, why not?

THE HONOURABLE MR. A. C. McWATTERS: (a) The answers to these questions are in the negative.

(b) Does not arise.

PAY OF THE CHIEF SUPERINTENDENT, INDIAN STORES DEPARTMENT.

216. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Is it a fact that under the present rules the position of a senior is not affected by the pay of a junior?

(b) If so, where was the necessity for giving the present Chief Superintendent higher pay, with retrospective effect?

(c) With reference to the statement that the Chief Superintendent was given a rate of pay commensurate with the value of his services, will the Government of India please say whether the same principle of promotion has been applied in any other case? Will the Government of India also kindly say how the market value of the Chief Superintendent's services was arrived at?

(d) Is it a fact that the benefit of Fundamental Rule 22 was not given to several men, who were transferred from the Surplus Stores organisation?

THE HONOURABLE MR. A. C. McWATTERS: (a) There are no such rules.

(b) Does not arise.

(c) The answer to the first part of the question is in the affirmative. The market value of the Chief Superintendent's services was gauged by the character of the work assigned to him and the manner in which it was performed.

(d) No. The provisions of the Fundamental Rule referred to were not applicable in certain cases, but the Government of India have recently made them applicable, as a special case.

THEFTS AND BURGLARIES IN NEW DELHI.

217. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Have Government received complaints that a sense of insecurity prevails among the residents of New Delhi on account of thefts and burglaries?

(b) If so, what improvements have been effected in police arrangements?

(c) Do the Government propose to consider the question of carrying out certain alterations and improvements to quarters in New Delhi to render them more safe than they are at present?

THE HONOURABLE MR. H. G. HAIG: (a) Government have received representations on the subject.

(b) As many men from the reserve of the Delhi police as could be spared have been posted to the New Delhi police station for patrol.

(c) No further protective measures other than those that have been effected, namely, the provision of bars to certain windows, are considered to be necessary.

GRANT OF COMPENSATORY HOUSE RENT ALLOWANCE TO MEN LIVING OUT OF NEW DELHI.

218. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Is it a fact that the Government of India have sanctioned a compensatory house rent allowance only in the case of men living out of Raisina?

(b) Have the Government of India received any representation that the scales of allowance sanctioned should be increased and applied both to men living in the city and to those living in private quarters in Raisina itself?

(c) If so, what action has been taken on it?

THE HONOURABLE MR. H. G. HAIG: (a) An allowance has been sanctioned in the case of the clerical establishment. The allowance is not house rent but is given as compensation for the inconvenience and extra expense to which those who are unable to secure accommodation in New Delhi are put.

(b) Yes.

(c) The request has been rejected.

LOCATION OF THE ARMY HEADQUARTERS OFFICES IN OLD DELHI.

219. THE HONOURABLE MR. V. RAMADAS PANTULU: (a) Is it a fact that the Army Department Secretariat has been located this winter in the

Imperial Secretariat in New Delhi, while the Army Headquarters offices are located in the temporary Secretariat in Old Delhi? If so, why?

(b) Is it proposed to continue the above arrangement next year also?

(c) Will the Government please state the approximate number of (1) officers, and (2) clerical establishment of the Army Headquarters and connected offices at present working in the temporary Secretariat in Old Delhi?

(d) Is it proposed to shift the Army Department Secretariat and connected offices at present located in the Imperial Secretariat in New Delhi to Old Delhi from next year?

(e) Is it a fact that accommodation has been built for all these offices in the Imperial Secretariat buildings in New Delhi? If so, why is it proposed to locate them in Old Delhi, and how is it proposed to utilise the accommodation in New Delhi?

(f) Is it a fact that certain office accommodation and a number of residential bungalows are lying vacant in New Delhi? If so, why cannot the Army Headquarters and connected offices, at present located in Old Delhi, be accommodated in New Delhi?

(g) Is it not possible to find deficient accommodation, if any, by shifting a portion of the temporary Public Works Department offices from the Imperial Secretariat buildings in New Delhi to some other convenient buildings which are not in use at present?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (ON BEHALF OF HIS EXCELLENCY THE COMMANDER-IN-CHIEF): (a), (b), (c), (d) and (e). There is not sufficient residential or office accommodation in New Delhi for the numbers of officers and clerks in Army Headquarters who at present come down to Delhi for the winter. It has therefore been decided to accommodate the offices of Army Headquarters in Old Delhi during 1926-27 and 1927-28. The Army Department has been located in the new Secretariat buildings this year, and will probably remain there next year also. The total numbers of officers and clerks belonging to Army Headquarters at present working in the Old Secretariat are 82 and 290, respectively. In addition, there are 9 officers and 58 clerks belonging to the offices of the Financial Adviser, Military Finance.

(f) The answer is in the negative. The second part does not arise.

(g) The location of a portion of the Public Works Department offices in the Imperial Secretariat buildings is a temporary arrangement, no other accommodation being available at present.

THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: I beg to withdraw question No. 220. It is practically meaningless without the allied questions which have been disallowed.

BATHROOMS OF "D" CLASS QUARTERS IN NEW DELHI.

221. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Is it a fact that the bathrooms of "D" class quarters are provided with a brick honey-comb instead of a glass window?

(b) Did the Government obtain the views of any medical officer as to whether it is injurious to bathe in a bathroom which is open to chill draughts from outside through these honey-combs?

THE HONOURABLE MR. A. C. McWATTERS: (a) Yes.

(b) No. The tenant can protect himself against draughts by covering the honey-combed portion by a small purdah on the inside. In order to render this possible and yet admit light all solid doors have been specially provided with glazing.

RESTRICTED SUPPLY OF WATER IN ORTHODOX QUARTERS IN
NEW DELHI.

222. **THE HONOURABLE SRIJUT LOKENATH MUKHERJEE:** Is it a fact that the supply of water in orthodox quarters in New Delhi is closed soon after 10 o'clock in the morning?

THE HONOURABLE MR. A. C. McWATTERS: A 24-hour supply has been given in the orthodox quarters in New Delhi for about the last month. Formerly a restricted supply of 11 hours per day was given as is done in the Delhi Municipality in order to prevent excessive waste.

SUPPLY OF EXTRA FURNITURE TO TENANTS IN GOVERNMENT QUARTERS
IN NEW DELHI.

223. **THE HONOURABLE SRIJUT LOKENATH MUKHERJEE:** (a) Will the Government state what period of time elapses between the receipt of a request by a tenant of Government quarters in New Delhi for extra furniture and the supply of the furniture?

(b) Are Government aware that in some cases the extra furniture has not been supplied till late in the Delhi season? If so, what steps do Government propose to take?

THE HONOURABLE MR. A. C. McWATTERS: (a) and (b). It is not the policy of Government to provide furniture in excess of the scale that has been laid down. There is, however, a surplus of certain articles and additional demands are met from this source as far as possible. This surplus is likely to be exhausted in the near future in providing for replacements. In the circumstances furniture over and above the scale referred to can only be issued, if available, and certain articles may only become spare late in the season, if at all.

EDUCATION OF THE CHILDREN OF THE MIGRATORY EMPLOYEES OF THE
GOVERNMENT OF INDIA.

224. **THE HONOURABLE SRIJUT LOKENATH MUKHERJEE:** (a) Is it a fact that the curricula of Delhi and Simla schools are different?

(b) Has it been represented to Government that the children of the migratory establishment are put to difficulty thereby?

(c) If so, what steps do Government propose to take?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAKIB BAHADUR: (a) No. The Punjab curriculum is followed both in Simla and Delhi.

(b) and (c). Do not arise.

REDUCTION OF THE PERIOD OF STAY OF THE GOVERNMENT OF INDIA
IN SIMLA.

225. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: (a) Is it a fact that the move of the whole of the Government of India establishment from Delhi to Simla in summer was necessary owing to the fact that the old temporary Secretariat building was not fit for occupation during the summer months?

(b) Is the new Secretariat building fit for occupation during the summer months?

(c) If so, do the Government propose to stop the wholesale move or to restrict it to a certain percentage of the establishments? If not, do they propose to reduce the period of their stay at Simla from seven months to five months?

(d) If the answer to (b) be in the negative, will the Government be pleased to state in what respects the new Secretariat building is unfit for occupation during the summer months?

THE HONOURABLE MR. H. G. HAIG: (a) The answer is in the negative. On the recommendation of the Inchcape Committee, the experiment of leaving a portion of the establishment in one place was tried in Simla in 1923-24. It resulted, however, in such serious inconveniences and dislocation of work that it was not repeated either in Delhi or Simla.

(b) The greater part of the Secretariat building is fit for occupation in the hot weather and a portion of it has been so occupied.

(c) No decision has yet been reached as to the arrangements which will be appropriate now that New Delhi has been occupied. The question will be taken up as soon as possible after the conclusion of the Session.

(d) Does not arise.

EXPENDITURE ON THE MOVE OF THE GOVERNMENT OF INDIA BETWEEN
DELHI AND SIMLA.

226. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Will the Government be pleased to inform this House of the actual total expenditure incurred during the last year and the current year on account of the move between Delhi and Simla of all the Secretariats and the attached offices of the Government of India?

THE HONOURABLE MR. H. G. HAIG: The expenditure incurred in 1925-26 was Rs. 5,10,680. Information regarding expenditure in the current year will not be available for some months.

LEGISLATION IN CONNECTION WITH THE INDIAN NAVY.

227. THE HONOURABLE SRIJUT LOKENATH MUKHERJEE: Do Government propose to obtain the views of the Indian Legislature previous to their taking up the question of necessary consequential legislation that will be required on the passing of the Indian Navy Bill by the Imperial Government? If not, why not?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (on behalf of His Excellency the Commander-in-Chief): No, Sir, because the Legislature will have full opportunity to discuss the

whole question of necessary legislation for the Indian Navy when the Bill is introduced.

COST OF THE PROPOSED NEW INDIA HOUSE IN LONDON.

228. THE HONOURABLE SIR JOHN BELL: Will Government be pleased to state:

- (a) the estimated cost of the proposed new India House in London;
- (b) whether the design has been decided upon; if not, who will decide upon it, and who is to be the architect; and
- (c) whether steps have been taken to establish such a check upon the expenditure as will ensure that the original estimate is not exceeded?

THE HONOURABLE MR. G. L. CORBETT: (a) £300,000 approximately. Details will be found in the proceedings of the Standing Finance Committee for 26th January, 1927. A copy of the proceedings is in the Library.

(b) A design has been prepared, but it has not yet been finally accepted by the Government of India. The architect is Sir Herbert Baker.

(c) The estimate at this stage is necessarily only approximate, but the High Commissioner will be instructed to take steps to ensure that, so far as is possible, it will not be exceeded.

THE HONOURABLE MR. W. A. GRAY: Will Government state who was taken into consultation in the selection of the architect?

THE HONOURABLE MR. G. L. CORBETT: The selection of the architect was primarily a matter for the High Commissioner.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, the following message has been received from the Secretary, Legislative Assembly:

"I am directed to inform you that the message from the Council of State desiring their concurrence in a motion to the effect that the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India, be referred to a Joint Committee of the Council of State and of the Legislative Assembly, and that the Joint Committee do consist of 12 members, was considered by the Legislative Assembly at their meeting held on the 25th March, 1927, and that the motion was concurred in by the Assembly.

The following Members of that body were nominated to serve on the Joint Committee, namely:

Sir Walter Willson, Mr. R. K. Shanmukham Chetty, Mr. S. N. Haji, Sir Parshotamdas Thakurdas, Mr. K. C. Neogy and Mr. W. S. Lamb."

INDIAN FINANCE BILL.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): I move that the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of

postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration.

Sir, in my budget speech I briefly referred to the policy which Government have in mind as regards the reduction of taxation, and that is that, until the provincial contributions are finally reduced, it will be impossible to embark on any scheme of general reduction of taxation. That would be a case of robbing Peter to pay Paul. The provinces would have to pay for any remissions given to the general tax-payer. Therefore Government confined themselves to making certain adjustments in taxation which would cost little or nothing to the general revenues. It was proposed in the original budget statement and in the original Finance Bill to reduce the duty on motor cars and tyres, to reduce the import duty on rubber stumps and rubber seeds, to abolish the export duty on hides, to abolish the export duty on tea, to abolish the duty of one anna on cheques and bills of exchange payable on demand, and to raise the duty on unmanufactured tobacco from Re. 1 to Rs. 1-8-0. At the same time it was proposed to alter the method of assessment to income-tax of tea companies in order to secure a larger amount of income-tax to balance the loss on export duty. All these measures passed through another place except the duty on hides. As regards the question of the income-tax on tea companies it was stated in the Statement of Objects and Reasons that the rule to be made under section 59 of the Indian Income-tax Act, 1922, would provide that, if owing to the existence of a market for green tea the manufacturing profits can be separately ascertained, such profits should be assessed, and that otherwise they should be assumed to form 50 per cent. of the entire net profits. I may inform the House that some difficulty has arisen as regards the percentage, and the method by which manufacturing profits will be ascertained is therefore still under consideration. In the passage of the Bill through another place the duty on salt has been reduced from Rs. 1-4-0 to 10 annas a maund at a loss of about 3 crores of rupees to the revenue. The House will remember that the programme which the Government set before them for next year was that the surplus of over 8½ crores should be devoted to the permanent reduction of provincial contributions to that extent, and that the balance of contribution which still remains out of 545 lakhs should be met from the surplus of the current year. Unfortunately this reduction of the surplus by 3 crores owing to the reduction of the salt tax renders it impossible for Government to pursue the programme which they originally intended, that is to say, to abolish the provincial contributions entirely next year, part being a permanent remission and the remainder a temporary remission. It is indeed a question whether it will be possible for some time to come to effect any material reduction in provincial contributions at all if the salt tax still remains at the figure to which it has been reduced. Sir, I move.

THE HONOURABLE RAI BAHADUR NALININATH SETT (West Bengal: Non-Muhammadan): Sir, I would like to make a few remarks on the basis upon which the schedule of charges of income and super-tax proposed in the Bill stands. The Bill, as it is, ignores the hardship that the joint Hindu families governed by the Bengal School or Dayabhaga School of the Hindu Law suffer from. As most of the Honourable Members may be aware, the status of a member of the Hindu joint family governed by

[Raj Bahadur Nalininath Sett.]

the Dayabhaga School of the Hindu Law as obtains in Bengal only is quite different from the status of a member of a Joint Hindu family governed by the other Schools of the Hindu Law. Under the Bengal or Dayabhaga School each member of a Joint Hindu family is entitled to, and is the owner of, a particular distinct share in the Joint family property and income even when he is living jointly with the other members of the family which share on his death passes on to his heirs or legatees, as the case may be. This is not the case with Hindus in any other part of India where no particular member has any distinct share in the joint family properties until partition, and his share on his death vests in his co-parceners instead of devolving on his heir as in the case after partition.

In Bengal therefore a Joint Hindu family means practically the clubbing together of a few persons of a particular family. These persons who form members of a Joint family can retain their individual earnings as separate properties apart from the joint family property. These members while having separate shares in the income of the joint family properties are assessed on the basis of the total income of the entire properties belonging to the whole family. It is not unusual, and I believe that it is almost universal now-a-days, that a family has its properties joint and the income is realized jointly but as soon as the income is realized it is divided amongst the members from day to day. I do not understand why under these circumstances the particular members should be assessed at a rate much higher than they would otherwise be if they were assessed individually. Is it a crime to live together? The income of these persons although realized together is separate as soon as realized and their expenses are separately incurred what then is the reason that they are made to pay more than they could be charged otherwise? It is practically forcing the Bengal families to separate; as I have said before, the case of Bengal Hindus is quite different from that of the Hindus of the rest of India. They have their advantages; they have their disadvantages. A series of rulings of the highest court of the land, namely, the Privy Council, has made it quite clear that the status of a Bengal Hindu is quite different from that of other part of the country. I would therefore submit that the law requires change from this point of view which puts the Bengal Hindus at a great disadvantage and causes a disruption of joint families.

Sir, I would also like to say a few words with regard to the methods by which the law is administered in Calcutta with regard to the rules made under the Income-tax Act. The method of assessment is harsh and in some cases and under certain circumstances is wrong in principle. Some of the rules under which the assessors have to base their assessments are inequitable and lead to double assessment. This has been voiced in the other House. I had recently an occasion to bring to the notice of the Assistant Commissioner of Income-tax in Calcutta a particular case of double assessment which had to be made by the assessor under the rules, knowing as he did and realizing fully that he had to make a double assessment. No doubt the Assistant Commissioner, when the defect in the rule was pointed out to him, set the assessment right. But the rules stand as they were, and I say why should not the rules be altered which compel the assessors to make such double assessment although they feel that they are not justified in doing so under the law? I can give the particular point if the Honourable Member in charge would look

into the matter. There is a general impression in Calcutta that unscrupulous persons can easily evade the rigour of the law under the present rules and that those who are above that are put to great hardship, harassment and trouble.

THE HONOURABLE MR. W. A. GRAY (Burma Chamber of Commerce): Sir, I ask the indulgence of the House while I make an appeal for sympathetic consideration for an industry which is now in grave danger of complete extinction,—I refer to the hide industry. In the course of my remarks on a former occasion, I expressed my gratitude to Government for the removal of the export duty on hides, and while I still feel the same sense of gratitude for their intention, it is with great disappointment that I now find that my thanks were premature and that in another place the opinions of the comparative few who are interested in the tanning industry have been able to prevail over those of the champions of the far larger section of the people of India who derive benefit from the export trade in hides.

In a vast country such as India, with its great variety of occupations and interests, occasions are sure to arise when it is impossible always to frame a policy which will bring benefit to all and hardship to none. What is meant to one province or one section of the population may be poison to another, and the export duty on hides is such a case. I will not weary the House with a recapitulation of all the arguments which have been produced time and again at other times and in other places in condemnation of this duty. It is sufficient to say that it has been universally condemned upon all grounds, except by the comparatively small minority who derive benefit from the tanning industry.

The duty was imposed shortly after the War when we were all rather carried away by an enthusiasm for protecting ourselves from the competition of our recent enemies and it is commonly agreed that the measure was hasty and injudicious. It has been described by the Fiscal Commission as wrong in principle and the Taxation Enquiry Commission has found that it has failed in its two objects, of protecting the Indian tanning industry and of diverting the tanning of Indian hides from Germany to the British Empire.

By way of parenthesis I would here refer to the strange mental processes of certain Members of the other House who, not so long ago, opposed the proposals for the protection of steel because they believed that they detected in them the thin end of the wedge of Imperial Preference, but who now oppose the removal of a duty which was avowedly imposed for the protection of trade within the Empire.

But to return to our muttons—if the export duty has failed to assist the Indian tanning industry, what has it done to others in India who are interested in hides? In the years 1910-11, 1911-12, and 1912-13—the last years of normal trade before the duty was imposed—the exports of hides from Burma totalled 19,000 tons valued at Rs. 190 lakhs. During the past three years, 1923 to 1926, the total exports were 9,000 tons and the value Rs. 65 lakhs. I find, therefore, that the volume exported has been reduced by more than one-half and the value is now only about one-third of what it was before the duty was imposed.

I think it not unlikely that other provinces can show similarly that the duty has been a burden and not a benefit, in fact I see that vehement protests have already been submitted from Bengal against the replacement

[Mr. W. A. Gray.]

of the duty; but I venture to maintain that the plight of Burma is worse than that of any other province for various reasons, of which the following are the two most important.

Firstly, the Burma exporter is handicapped by the very much higher freight which he has to pay on his shipments to Europe than is paid on shipments from other Indian ports. The country which takes the greatest quantity of our hides is Italy, and there are no steamer lines running direct between Rangoon and Italy, so that transshipment is necessary and the freight rates are thereby enormously increased. The result is that a Rangoon shipper pays nearly twice as much in freight charges as a Calcutta shipper. Even to other European ports to which direct shipment from Burma is possible, the disparity in freight rates is very great.

This disadvantage in freights is obviously a very great handicap, but there is a still greater disadvantage, namely, the quality of the Burma hides themselves. The Burma hide is an inferior article to that obtainable from other parts of India, its value is less and therefore the incidence of the export duty which is calculated at a flat rate is proportionately much higher. Take for example the case of "Dry Cowhides". The Tariff valuation of these, upon which export duty is paid, is 6 annas 6 pies per lb. The return obtained in Europe after payment of insurance, freight, and other incidental charges is 6½ pence per lb. Therefore the Burma exporter is not only taxed on rather more than the value of the hides at the time of exportation, but he is also taxed on the amount which he pays in freight, insurance and other charges.

I think, Sir, that I have said enough to prove that, whatever may be the case in other provinces, the export trade of Burma is deserving of consideration. Should such consideration be granted, the effect upon other provinces would be insignificant, since even in these days when the markets of Europe are most unattractive to the Burma exporter, the consumption of Burma hides by Indian tanneries is practically negligible.

I have not put forward an amendment of this Bill, because I hope that my object may be more speedily obtained in some other way and that if Government cannot see their way to granting to Burma complete relief from this burdensome duty, they may at least be willing to graduate the tariff valuation in accordance with the quality and value of the hides and may take into consideration the other handicaps from which the Burma exporter suffers. That urgent relief is necessary is evidenced by the fact that, whereas in the days before the duty was imposed, there were a number of firms in Burma who exported hides, now all those who have any other line of business upon which to fall back, have abandoned the trade, and those who rely solely upon this business are in imminent danger of being compelled to close down and for some time past have been struggling to keep the wolf from the door merely in the hope and expectation of early relief from the burden of this duty. Of the state of these latter firms I need say no more than that one of them claims to have paid to Government since the imposition of the export duty Rs. 7 lakhs, while during the same period it has made a trading loss of Bs. 8 lakhs. If these surviving firms are compelled to close down, there will be no organisation remaining which can collect the hides, and the result will be a heavy loss to the owners of cattle.

It is already contended that on the basis of current sale values of Burma hides in overseas markets and after deducting freight, export duty and other incidental charges, there is not sufficient of the proceeds left to pay collectors of hides in the districts—a price which makes it worth while for the owners of cattle to flay hides. The result is that the hides are being left to rot and the trade is dying an unnatural death.

I therefore appeal to Government to administer what was described by an Honourable Member in a recent debate as “the dying dose” to this unfortunate industry, and I ask for their assurance that the door is not yet closed to consideration of this matter and that early steps will be taken to save the export trade in hides from the immediate extinction which now threatens it.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, I have already had the privilege of addressing this Honourable Council on the general question of our finances and I need not, I think, do more to-day on the second reading of this Bill than refer to the two points that have been raised by the two Honourable Members who have already spoken. The Honourable Rai Bahadur Nalininath Sett Bahadur spoke of the position of the Hindu undivided family in the matter of income-tax. I do not profess to be an expert either in Hindu undivided families or in income-tax, but I shall be very happy, if the Honourable Member will speak to me or write to me later, to look into any specific grievances that he may have in the matter. The question is an intricate and rather a special one, but as a matter of fact the Hindu undivided family enjoys privileges under the Income-tax Act which are denied to the ordinary individual assessee.

AN HONOURABLE MEMBER: Not in Bengal.

THE HONOURABLE SIR BASIL BLACKETT: For example, in assessing a Hindu undivided family, the income of its members derived from other sources than the family, such as profits on business, and the income of the family as such are kept distinct. Thus, if a member, perhaps the head of the family, has income from another source or private business or profession, his personal income is not added to the income of the family, but is separately assessed, nor is it taken into account in fixing the scale on which the tax is levied, that is to say, that the members of a Hindu undivided family have an advantage which is denied to registered and unregistered firms or to individuals. Similarly, in the case of super-tax, the Hindu undivided family enjoys the privilege of paying the tax only on the excess of its total income over Rs. 75,000, whereas in all other cases, super-tax begins to be a burden the moment the income reaches Rs. 50,000. Nevertheless, if the Honourable Member will let me know what his particular grievances are that he desires to ventilate, I shall be happy to have them looked into by the Central Board of Revenue.

THE HONOURABLE RAI BAHADUR NALININATH SETT: I shall write to the Honourable Member.

THE HONOURABLE SIR BASIL BLACKETT: In regard to the question of hides, it is impossible not to feel very considerable sympathy with my Honourable friend Mr. Gray and the grievances of the people of Burma in this matter. As is probably known to Honourable Members of this Council,

[Sir Basil Blackett.]

the reason why the hides duty was not abolished was that under the Constitution when there is a tie in the voting in the other House the *status quo* is maintained in order that time for further reflection may be given on a subject on which there is obviously very closely divided opinion. The proposal to abolish the hides duty was not rejected exactly by the other House, but it was decided that the tax for the time being should be left in the *status quo* to give time so that further consideration may be given to the question. Government have not had time to re-examine this question since that vote was taken in another place or to come to final conclusions as to what action they should take, but I think that it must be obvious that it is impossible to leave the matter exactly as it stands. It is perfectly clear that the other place in coming to the conclusion to which they did come on the subject did not say that the export duty should be permanently maintained. Indeed one of those who was prominent in opposing the abolition of the export duty speaking the next day said that the vote of the House was not to be taken as a vote for the permanent retention of the export duty on hides, but as an indication to the Government that it was desirable that steps should be taken to protect the tanning industry in Madras. I am not in a position therefore to-day to say more than that, the matter will be carefully reconsidered by the Government and that in the event of their not feeling able to propose once again the abolition of the duty, they will certainly feel bound to take under special examination the position of Burma with a view to remedying what all I think now recognise to be a very legitimate grievance on the part of Burma and a risk of destroying an important export trade. That statement covers, I think, the question of the tariff valuation as well as the more general question of relieving the tax-payer both in Burma and elsewhere of the necessity of continuing to pay this duty.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: Clause 2. The question is:

"That clause 2 do stand part of the Bill."

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab: Nominated Non-Official): Sir, it will be seen from the agenda paper that there are seven Members equally ready to move the amendment which I am to move now, seven Members elected and nominated, English as well as Indian. That shows the popularity of the amendment. I think, Sir, all right-thinking men, not only these but many other Members of this House would equally have liked to have moved that amendment, except those who have got a creed to oppose Government in and out of season. Some of the right-thinking Members in the other House would have supported this too but for the accident that some of them, who would have voted on the right side, were not present in the House, and it is for this reason that we have to-day to move this amendment here.

Sir, the House knows that for the last two decades, since the advent of the reformed Councils, I have been present in the Indian Legislature and I think I have consistently spoken on this very subject of salt something like ten or twelve times. In the beginning those who are always against the Government, even that great man of India Mr. Gokhale, used to have a bogus war cry of salt. In this, as far as I can see they had many objects in view. Their first object was to instil into the masses that Government is so tyrannical that it taxes their salt. The second object was that this easiest and most inoffensive way of getting money through the salt tax would be lost to the Government and they would be put into a fix; and the third was that all that money, when taken off the shoulders of every man in India, would be put on to a few who are already very heavily taxed and they would resent it and would also be made to go against the Government. There were many such ideas at the back of this war cry. When we examine the matter closely, Sir, we may ask ourselves after all how much a man has to pay for his salt. I calculated it yesterday. I had a list of my servants and I knew how much salt had been bought from the bazaar, and I then came to the conclusion that each man eats salt worth $3\frac{1}{2}$ annas a year. Lots of dogs were also included in this, so I think it comes to under three annas a year, which is one pice per month. Now what is that pice? If there is a poor man and a beggar comes to him, he will give him a pice. Giving a pice in one month a man does not feel it. Those who are wealthy do not feel it and the middle class do not feel it as well. There is another class that is the poor and they do not feel it also. I live among the masses and I have never heard up to now any man saying he had some difficulty because he could not find one pice to buy his salt. The opponents even went to the extent to say that their cattle eat salt. Well, I have never known any zamindars, who mostly keep cattle, giving salt to their cattle. Look at the animals in the jungles which are of the same type as the cow; do they eat salt in jungle? Round about the villages we find many corpses of cattle, but as a *shikari* I have been in the jungle and I have never seen the corpse of any animal that died because it could not get salt. After all *janwar* is the word for living being. Man is also a living being. If we take the other animals, and even Darwin's forefathers, they did not eat salt, and I think their health was very much better than ours is. It is really a habit which man has created for himself, like tobacco. I think various vegetables and also meat have salt in themselves

THE HONOURABLE RAJA NAWAB ALI KHAN: I think wild animals do lick salt.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: If you catch an elephant and bring it into captivity, it is man's ingenuity which leads him to eat salt. He cannot have salt while in the jungle because there is no salt there.

AN HONOURABLE MEMBER: Read the history of Rome.

THE HONOURABLE THE PRESIDENT: Will the Honourable Member leave the Subject of natural history?

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Leaving that aside, if this salt tax was not put right three crores of rupees would have to come from somewhere, and one of our dangers is that the remission of our provincial contributions may go, and perhaps more taxes will be levied on classes which are already fully taxed. If you consider it still more closely you will see that there are certain people, petty shopkeepers and

[Colonel Nawab Sir Umar Hayat Khan.]

labourers, who pay nothing whatsoever into the Government exchequer. I think every man who is born in the country and eats the salt of India should be *nimak halal*, that is true to his salt by paying something, however small, for the upkeep of Government. Some of these men neither go into the army to serve their country nor pay anything into the Government exchequer, and yet they get the benefit of the schools, they get the benefit of the police; they are secure from without and within the country and they ought to be willing to contribute even one pice a month to the Government which is running the country. I think it is absolutely ridiculous, just as I said in the beginning, to say anybody feels the pinch of that one pice for salt. I think, Sir, I have shown it is only a sentimental objection and nothing else. A poet has said:—"Small things put together become enormous." In the same way a whole big granary is composed of small grains. If you have this tax by which you can take money from each inhabitant of the country, if you take it just little by little, I think it is good for Government and it is good for the country. With these words, Sir, I strongly urge on the House to adopt the amendment which stands not only in my name, but in the name of many Honourable Members of this House.

THE HONOURABLE THE PRESIDENT: The Honourable Member has not yet moved an amendment.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Sir, I move:

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

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, I support this amendment, but not for the reasons which have been urged by my Honourable friend Sir Umar Hayat Khan. I am of opinion that the Assembly acted in a very short-sighted manner in having reduced the salt-tax from Rs. 1-4 a maund to 10 annas a maund. The history of the salt tax has been a peculiar one in this country. We had many interesting as well as acrimonious debates in the old Imperial Legislative Council on this subject at least a dozen times. Various views have been propounded in connection with the maintenance and avoidance of the salt duty. During the last 20 years I myself have taken some part in the discussion of this duty when Finance Bills were presented in the late Imperial Council and in the Council of State from time to time. The one objection and one very significant objection to the maintenance of the salt tax has been a political one. On many occasions in the past from political considerations attempts were made and serious attempts too to do away with this duty, at times entirely and at times to reduce it very considerably. In connection with the discussion of this subject the bogey of its affecting the masses has been very considerably brought forward. Three years ago, during Lord Reading's administration, an enhanced duty was required and was recommended the rate of Rs. 2-8-0 or double the duty which exists at present. A big opposition to that was engineered in the Legislative Assembly and the tax was reduced by the Legislative Assembly from Rs. 2-8-0 to Rs. 1-4-0. Honourable Members will remember that the Finance Bill then came up to this House as a certified measure and a very keen discussion took place, with the result that for the exigencies of public revenues we restored the duty. To the

credit of the Government of India it must be said that that duty was reduced next year and brought back to its normal figure. I am referring to this matter only for the purpose of pointing out at this stage a very significant fact that when the enhancement of the duty was acrimoniously discussed there was not one Member of that Legislative Assembly who even then asked for a reduction of the duty from 1-4 per maund to 10 annas. All that they wanted at the time was the maintenance of the duty at the then existing rate of 1-4-0 and on this occasion the present Legislative Assembly has taken action of a very momentous character in reducing this very important duty. My Honourable friend Sir Umar Hayat Khan has spoken about the bogus war cry of salt. Unfortunately in this matter he has dragged in the name of my late lamented friend, the Honourable Mr. Gokhale, for whom I had great respect. He made a statement in this House which I feel bound in the memory of that great man to contradict. Even the Honourable Mr. Gokhale on more than one occasion had expressed the opinion that the duty at 1-4-0 if required for purposes of revenue was not an excessive duty. Now, Sir, I ask this Council to bear in mind that whatever may be the political consideration, whatever object the Legislative Assembly may have in view in reducing the duty let me assure the House that from an economic standpoint it does not fall heavily on the masses. Whatever may be the political grounds the economic incidence is certainly not heavy. The incidence is a reasonable one. After all when accounts are resorted to, it does not work out to more than a few annas in the year for consumption of salt for an individual, and the import does not fall heavily whatever may be on the people, the political considerations for reducing that duty or wholly doing away with it. Now, in India we have two important sources of revenue which are the mainstay of the Government. One is opium revenue duty and another is salt. For certain considerations, on which there may be divided opinions, the opium revenue duty has been practically dispensed with. The present opium duty is a fraction of the original duty and that duty, according to the pledges of the Government, will altogether disappear in a short time. The salt tax is the only duty from which the Government is able to get $6\frac{1}{2}$ crores of rupees a year, and if you are going to tamper with this duty, when its economic incidence is not serious, merely to obtain the sympathy and support of your electors or to please the masses and the general public who do not understand the figures and do not understand the nature of the incidence, how is the government of the country to be carried on? Another point which I request my Honourable colleagues to bear in mind is this. If you reduce that duty again it will be very difficult to reinstate it. The opposition you will then encounter will be much greater, of a far more formidable character than the opposition you will encounter on this occasion. As I said before once you remove it, it will be difficult or impossible to replace it and, as this duty does not work heavily on the masses and on the consumers of salt, I ask you not to interfere with the existing duty. The responsibility of this Council in this matter is great. If you reduce this from 1-4-0 to ten annas per maund, the result will be a deficit of 3 crores and 12 lakhs of rupees in the revenues of the Central Government. The estimated profit of 1927-28 will be seriously diminished and what is the result going to be? Our friend the Finance Member has already given the other House a

11 A.M. warning that the Legislature will have to make its choice. They will have to make a choice between the remission of the provincial contributions and the reduction of the salt duty. And which is

[Sir Maneckji Dadabhoy.]

the more statesmanlike and expedient policy to adopt? The Statutory Commission is likely to come out early next year. Their report will probably be completed before 1929. You are going to ask the Statutory Commission for a further instalment of self-government. Public opinion at any rate seems to be clear on that point and is definite that the next measure of reform is the fiscal autonomy in the various provinces. Are you going to get that provincial autonomy if you keep this millstone hanging round the necks of Provincial Governments? Are you not going to relieve the provinces of their onerous liabilities that they may be able, when they obtain provincial autonomy, to manage their affairs and satisfy the public? I say, and I say deliberately, that the step which the Legislative Assembly has taken is most unwise and absolutely detrimental to the interests of this country. I am sure that this step has been taken in a hurry. Let this House as a revising Chamber set the matter right. Let us look to the needs of the greater India. You are aware that all the Provincial Governments are starved for want of funds. Every Provincial Government in the country this year has shown a very serious deficit. They are in distress. They are in absolute need of money. Are you going to deprive them of this great remission which the Government of India has decided to give? Are you going to postpone it, and for what purpose? To reduce the expenditure of every human being who uses salt in India by an anna a year. Would that be fair? Is it an equitable thing to do? I ask this Council to show again its sagacity and to rise to the occasion, and without one single dissident I trust they will pass this amendment, which will put our provinces right and will not inflict any heavy burden on the individual consumers of salt.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras; Non-Muhammadian): Sir, I must strongly oppose the amendment regarding the restoration of the salt duty to the old rate of Rs. 1-4-0 per maund. The other House in reducing it to 10 as. has only done bare justice to all, from the richest to the poorest. Salt is every man's necessity and enters into the food of every individual, without distinction of sex, caste, colour, or position, or even geographical boundaries. Not only human beings on the face of the earth but animals and plants as well require salt for their sustenance. Any duty levied on salt is therefore not merely in the nature of a poll-tax but also a tax on dumb animals. Salt is also required for various industrial and agricultural operations, and unless salt is issued duty free for these purposes, some burden is thrown on the industries in which it is used. Medicinally, salt is an excellent antiseptic and saline water is largely in use in cases of intestinal disorders and surgical operations.

From past records I say, Sir, that whenever the salt duty went up, the death-rate from intestinal diseases also went up and suffering still more. That is because the people used less salt with their food. For instance the quality of salted fish went down in a year of higher salt-duty, with the result that people suffered from intestinal toxemia and from worms, diarrhoea, colitis, etc. So in the interests of public health and safety particularly, if for nothing else, I oppose the amendment. Such a generally useful commodity should go tax-free and if it should be taxed at all, the duty should not press too heavily on the poorer classes. The salt duty, like exchange, was subject to artificial fluctuation and from Rs. 2-8-0 in 1888, it came down to Re. 1-0-0 in 1907, and, if I remember aright, the one act of benevolence, the one tangible manifestation of sympathy to India

exhibited by that autocratic Viceroy, Lord Curzon, was the reduction of the salt duty to the lowest limit of Re. 1-0-0 till now reached. Then, slowly, during the War, the rate was raised to Rs. 1-4-0 and the aftermath of War made it necessary for the Government to effect a further rise in the rate and it was fixed at Rs. 2-8-0 in 1923. In 1924, it was reduced to Rs. 1-4-0 again. The Taxation Enquiry Committee have dealt with this question rather exhaustively in their Report and have given certain statistics which only go to prove their own unreliability, and not to substantiate the Committee's findings. It is assumed that people require 10 lbs. per head of taxed salt and any consumption above that was required for industrial purposes. In England and Portugal, where salt is untaxed, the consumption is 40 lbs. and 35 lbs., respectively, while in British India, it is only 12 lbs. But the consumption varies with the dietary and taking the wheat-using Provinces of the Punjab, the United Provinces, we find the consumption to be 10.98 and 10.26 lbs. in 1921-22, while in the rice-using provinces of Madras and Burma, it was 18.88 and 18.54, respectively. Even from these unreliable data, one conclusion is certain that people got their bare limit for their consumption when the rate of duty was Rs. 1-4-0, and the consumption must have been considerably less when the rate was doubled. I have at least some figures of Madras in support of this statement for 1922-23, the average consumption per head in the Madras Presidency was 21.19 and it went down to 15.11 in 1923-24 when the salt duty was doubled. But it went up to 21.84 in 1924-25 when the duty was brought down to Rs. 1-4-0 again. Either the industries must be starved or human consumption must be less than the average. The Taxation Enquiry Committee admit that "3 annas per head per annum, which is what a duty at Rs. 1-4-0 a maund would roughly represent, may involve a hardship in the case of the very poorest". But the consumer has to pay not 3 annas per maund but something extra to meet the middleman's profits. From the Administration Report of Salt Revenue in the Madras Presidency for 1924-25, it is found that the average rate was 3 annas 6 pies in 1924-25 as against 3 annas 9 pies in 1923-24. The following observation of the Collector of Salt Revenue, Madras, will be worthy of mention in this connection :

"The object of a monopoly is to ensure that salt reaches the consumer at a reasonably low and steady figure. To achieve this object fully, Government would have to make itself responsible not only for the manufacture and wholesale disposal of the salt but also for retail sales; otherwise there would be no guarantee against the profiteering of middlemen at the expense of the consumer."

How far the Government have succeeded in reducing the middleman's profits to a reasonably low figure, it is difficult to ascertain. In the opinion of Dr. Paranjpye, the salt-duty is a legitimate source for increased taxation only in cases of emergency and the normal rate should therefore be very low, and none can dispute it. The Assembly thought the time had arrived to bring the salt-duty down to 10 annas per maund, in the interests of the large class of consumers and labourers, whose cause this House had espoused only a couple of days ago. I hope, Sir, the Honourable Members will not vote counter to their own judgment.

One word more, Sir, before I conclude. It seems to me that the figures 1-4 are ominous and whenever they occur, they give trouble. In the ratio Bill, "1-4" created ill-will. Here, 1-4 has created some stir, never mind if it is shillings and pence as in the one case, or rupees and annas in the other. We have thrown down the 1-4 ratio; let us throw down the 1-4

[Dr. U. Rama Rau.]

salt also, and thus bring peace and contentment to the needy and poverty-stricken people of this country. With these few words, Sir, I oppose the amendment.

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadan): Sir, I rise to support the amendment, and I should like to make my own position in this connection clear as to why I support the amendment and oppose the reduction of the duty from Rs. 1-4 to 10 annas. Sir, I admit that the salt duty must go whenever there is an opportunity, and that it should be the first on the list whenever there is any chance for reduction in taxation. Sir, we all know that in the peculiar circumstances of this year, Government, with their large surplus, are able to announce a great reduction in the provincial contributions, and if we insist that the salt tax must go, perhaps we realize from the hint given by the Finance Member that the choice would then lie between provincial contributions or retention of the salt duty as it is. Now I want Honourable Members of this Council to consider what would be the effect. Provincial contributions have to be paid under a statutory obligation; the salt duty is a thing which rests on the vote of both Chambers. We can reduce the salt duty whenever we think it can be conveniently done, but to get rid of the provincial contributions, the Act has to be amended. Now it is a difficult thing for us to do. We are just on the point of getting rid of the provincial contributions, and therefore let us accept that as the first measure, and let us come to that stage when we get big surpluses in our Budget and then we can consider the question of the abolition of the salt duty first. That will be the right course for this House to adopt. Under these circumstances, Sir, I rise to support the amendment. But let it be clearly understood that I do not accept the arguments advanced by the previous supporters of this amendment, but I do it with only one object, and that is this, that our action should not interfere with the question of provincial contributions, and on these grounds, Sir, I support this amendment.

*THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I beg to support the amendment. The question of the salt tax has been so thoroughly threshed out in the past that I would never have believed it possible for any responsible politician to bring forward the bogey of a salt tax agitation again. Still this is what has been done by reducing the tax from Rs. 1-4 to annas 10 per maund. While we were waiting and looking for a gesture of co-operation and good-will, we have been offered this gesture of obstruction. The relief proposed is 10 annas per maund. Firstly, it is so infinitesimal that it can never filter down to the consumers. Secondly, supposing for the sake of argument that it does not get frittered away, let us see how much it works out to per head. One person cannot consume more than one pound of salt at the most in one month. Therefore, what each individual would save in one month works out to 1½ pies only. On the other hand, what India stands to lose by this reduction amounts to no less than 3 crores 12 lakhs per annum. I am sure no one seriously contends that the relief of 1½ pies per head per month is worth the sacrifice of the remission of the provincial contributions which must necessarily go if this amendment is not accepted. I would therefore ask the Honourable Members of this House not to be led away by that school of thought with whom sentiment rather than reason has

*Speech not corrected by the Honourable Member.

become an article of political faith. For this House not to accept this amendment would be the height of irresponsibility. I would therefore strongly commend this amendment to the acceptance of this Honourable House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the amendment. I do so, Sir, after a deep consideration of the question. I agree with my friend, the Honourable Sardar Charanjit Singh, that the reduction of the salt duty to ten annas will not materially affect the poorer classes. He has worked out the incidence of this duty on the poor to $1\frac{1}{2}$ pies per month. This, Sir, is, I should say, the only evenly distributed form of taxation, and this sort of taxation is not so much felt by the people as appears to have been said in this House and elsewhere. I therefore, Sir, am for the restoration of the salt tax to Rs. 1-4.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I do not want to give a silent vote on this very important question. Sir, very much has been said about the unwisdom of a reduction and about the wisdom of a restoration, and I would say that the point has been unduly stressed by my Honourable friend, the Honourable Sir Maneckji Dadabhoy. I do not know what makes him think that whenever there is a demand, he should characterise it as a purely political demand. Sir, in this case I would admit that there is a political demand—it is largely a political demand—but one has to admit also that there is a good deal of economic demand also. (*The Honourable Sir Maneckji Dadabhoy: "No."*) Sir Maneckji Dadabhoy emphatically says "No". I would only remind the House to consider this question that, whatever may be the incidence of taxation, however small and slight it may be, it has to be considered with reference to the capacity of the people to pay; at any rate even Honourable Members of the type of Sir Maneckji Dadabhoy would admit readily that here is an incidence which would fall somewhat heavily on the man who has got little or no means of subsistence, and the position is aggravated by the large class of unemployed labourers in this country. But I should not be taken to endorse the view that the time is ripe for introduction of the reduction of the duty on salt. Sir, I am always for the reduction of any incidence falling on the poor. But here we have got a very difficult position. We have to consider whether the restoration of the salt duty to Rs. 1-4-0 or the denial of provincial contributions works greater evil to the greatest part of the population. Judging by the standard of the greatest good of the greatest number, I would say that the reduction from the original duty of Rs. 1-4-0 has necessarily got this unpleasant effect. The Reforms have been working under very unfavourable conditions and we have been given, especially in the provinces, a very difficult and creaking machinery which requires much oiling, and I would urge that whatever may be the difficulties which the poor people may be subjected to by maintaining the duty at Rs. 1-4-0, it is imperative that some grease ought to be given to these provinces to work this creaking machinery. Seven years have passed since the Reforms have come into existence and the nation-building departments, which have been entrusted to the Transferred Departments in the provinces, have not had a fair trial. Let us at least give them some little breathing time, some little support, to enable them to show to the Statutory Commission that they are capable of functioning if larger powers are granted. Sir, it is only on this ground, and this ground only, that I would urge the restoration of the duty to Rs. 1-4-0.

[Mr. P. C. Desika Chari.]

There is also another aspect of the question which weighs heavily with me and it is this. We are put to a test whether under certain circumstances, when there is popular and political clamour, we are in a fit position to realise our responsibility and to shoulder that responsibility. Here is an unpleasant task and the acid test. I would say, Sir, that in the interest of further advancement of Reforms, with a view to show that we can shoulder responsibility under trying conditions, this restoration of the original duty of Rs. 1-4-0 is desirable, and I would also say this, that the restoration of the Rs. 1-4-0 duty is a natural corollary and would give the representatives in the other House an opportunity of further considering whether they ought not to consider the desirability of showing under very trying and tempting circumstances that they are capable of feeling and realising their responsibility, so that they may be granted further Reforms which they can shoulder with better results than they have been doing under these Reforms which have been half-hearted. With these words, I support the amendment which has been moved.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, I rise on behalf of the Government to support the amendment of my Honourable friend Colonel Nawab Sir Umar Hayat Khan. I should like first to remind the House exactly what the original proposal to remit contributions to the extent of 545 lakhs means to the provinces. I include both the temporary and the permanent remissions:

Madras	165 lakhs,	
Bombay	84 ..	including 28 lakhs of special remission, which has been given in the current year.
Bengal	63 ..	
United Provinces	151 ..	
Punjab	86 ..	
Burma	50 ..	
Central Provinces	22 ..	and
Assam	15 ..	

I would ask the House to ponder over these figures and see what they mean to each province. To Bombay they mean the balancing of a deficit budget and relief from all the worry and difficulty of a serious financial situation. In other provinces these large sums mean increased expenditure on schools and colleges, on hospitals and medical relief, the improvement of public health and the development of agriculture. All this disappears if the reduction of the salt duty stands. And what is the benefit for this sacrifice imposed upon the provinces? The benefit is that each individual in India escapes, in theory, taxation to the extent of about 1½ annas a year. I would ask the House to consider how far in their opinion the well-being of the community will in any way be improved by this trifling increase in their purchasing power. I make bold to say that those who benefit would never be sensible of any benefit at all. The incidence of the tax is, as the Honourable Sir Umar Hayat Khan said, extremely small and falls on a section of the population which probably contributes very little towards the protection which they receive from the State, and it should be remembered that the burden, if burden it is, is far less than it was in previous years. In 1844 the incidence of the tax was Rs. 3-4-0 per maund. From 1888 to 1908 it was Rs. 2-8-0; it fell to Re. 1 in 1907 and then rose to Rs. 2-8-0 in 1923. In 1924 it fell to Rs. 1-4-0. It is only necessary to consider the proportion which the expenditure on salt of the individual tax-payer

in 1900 bore to the low wages then prevalent and the proportion to-day with salt at 1-4-0 and a much higher scale of wages to realise how much less a part the salt tax now plays in the domestic economy of the masses of the population. Much has been said at various times of the burden imposed upon the poor man by this so-called iniquitous levy upon a necessity of life. I wonder how far the Honourable Councillors of numerous Municipalities in the country remember this argument when they consider their annual budgets and especially their revenue from octroi which is imposed on necessities such as foodgrains, ghee, fire-wood, etc. For example, in the Municipality of Allahabad which I understand is largely governed by nationalist influence, I believe the incidence of the octroi duty is Rs. 4 per head per annum as compared with an incidence of salt tax of Re. 0-8-6. I therefore ask the House to compare the advantages which India will reap from the total remission of the provincial contributions with the imperceptible advantage to the individual of the lower salt tax and then, if they are satisfied, to support the amendment which my Honourable friend has proposed.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 2 do stand part of the Bill."

Since which an amendment has been moved:

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

The question is that that amendment be made.

The Council divided:

AYES—28.

Akbar Khan, The Honourable Major Nawab Mahomed.
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Commander-in-Chief, His Excellency the.
 Corbett, The Honourable Mr. G. L.
 Dadabhoy, The Honourable Sir Maneckji.
 Das, The Honourable Mr. S. R.
 Desika Chari, The Honourable Mr. P. C.
 Evans, The Honourable Mr. F. B.
 Forest, The Honourable Mr. H. T. S.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
 Haig, The Honourable Mr. H. G.
 Manmohandas Ramji, The Honourable Mr.

McWatters, The Honourable Mr. A. C.
 Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamed.
 Misra, The Honourable Pandit Shyam Bihari.
 Muhammad Hussain, The Honourable Mian Ali Baksh.
 Nawab Ali Khan, The Honourable Raja.
 Rainy, The Honourable Sir George.
 Ram Saran Das, The Honourable Rai Bahadur Lala.
 Sams, The Honourable Mr. H. A.
 Stow, The Honourable Mr. A. M.
 Swan, The Honourable Mr. J. A. L.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.
 Thompson, The Honourable Sir John Perronet.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.

NOES—9.

Govind Das, The Honourable Seth.
 Mahendra Prasad, The Honourable Mr. •
 Mukherji, The Honourable Srijut Lokenath.
 Ramadas Pantulu, The Honourable Mr. V.
 Rama Rau, The Honourable Rao Sahib Dr. U.

Roy Choudhuri, The Honourable Mr. Kumar Sankar.
 Sinha, The Honourable Mr. Anugraha Narayan.
 Suhrawardy, The Honourable Mr. Mahmood.
 Zubair, The Honourable Shah Muhammad.

The motion was adopted.

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

Clauses 3, 4, 5, 6 and 7 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That Schedule I do stand part of the Bill."

THE HONOURABLE SETH GOVIND DAS (Central Provinces: General): Sir, I rise to move my amendment which reads thus:

"In Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted:

Single	...	...	...	...	Quarter Anna.
Reply	...	...	...	...	Half Anna.'

Sir, at the very outset I should point out that I am not going to make practically any speech on this question. It is not, Sir, because I do not think it to be an important measure that I propose to do so. I think it to be an important measure and a most important measure, but my reason for not making any long speech is that I think sometimes observing silence is better than speaking.

THE HONOURABLE SIR MANECKJI DADABHOY: What about your other speeches?

THE HONOURABLE SETH GOVIND DAS: I want to leave it to the Members of this House and the Government to deal with this question which has been moved in this House as well as in the other place so many times and is a question which has a very great concern with the poor and with those poor who really need relief and badly need it. Sir, I believe I am very reasonable, in fact over-reasonable, in moving this amendment. I have not moved any amendment regarding envelopes, and I am only moving an amendment regarding postcards which are generally used by very poor people. I have been pointing out on the floor of this House many times that if Government wished to relieve the poor they could do so. They have sufficient money for their purpose. They have sufficient money to spend on highly paid civil and military services. For this only 86 lakhs are wanted, according to their own calculation. According to us it will be much less because the sale of postcards will increase. 86 lakhs is a trifling sum for the Government who is spending huge amounts on so many other things. Therefore I want that at least on this point Government should be reasonable. With these few words I move my amendment.

THE HONOURABLE SRIJUT LOKENATH MUKHERJEE (West Bengal: Non-Muhammadan): I give my wholehearted support to the amendment so ably moved by my Honourable friend. There are three points to be considered, firstly, whether the increase in the rates has affected the poor masses of India and whether there is a consequent fall in the sale of postcards, secondly, whether the Postal Department is made a paying or a self-supporting concern in any other countries having national Governments, thirdly, whether Government is justified in persisting in the increased rates on postcards even when the Budgets have been showing surpluses.

Sir, in coming to the first point, I think up till now Government have not been able to produce any convincing arguments against the abrupt decrease in the sale of postcards from 650 millions in 1921-22 to 530 millions just after the existing rate was enforced. Further the argument of the

Government that the people are getting used to the higher rates has been falsified by the fact that when the postcards were selling at a quarter anna the increase was 38 millions in 1918-19 than that of 1917-18, 42 millions more in 1919-20 than 1918-19, whereas on the contrary the increase of sale of postcards was nearly 6 millions higher in 1923-24 than that in 1922-23 and about 8 millions higher in 1924-25 than in 1922-23. In one word it means that in the two years 1918 to 1920 the increase in the sale of postcards was nearly 80 millions, whereas the increase in the two years 1923-25 was only 14 millions. Even if we take the figures of the last 4 years from 1923, the increase in the number of postcards is only 27 millions, whereas the increase in the two years in 1918 to 1920 was as much as 80 millions. Sir, this conclusively proves that the masses do feel the heavy rate on postcards and do not use them unless very hard pressed to do so. Then, Sir, with the industrial development in the country a considerable portion of the village and rural population leave their families in their village homes and go to earn their wages in industrial centres and urban areas. As such, if the rates of postcards had been at pre-war rates the increase in the sale of postcards would have been a number of times greater than even those of the years 1918-1920.

In coming to the second point, I may state generally that in the countries having national Governments postal service is effected even at the expense of general revenues of those countries. Sir, I think I will not be wrong if I say that in the United States of America having a government of the people, the national Government of the country makes a large contribution for postal service from the general revenues. But here in India the bureaucratic Government is too wooden to be compared with any civilised and growing form of administration. The increase once effected in any tax by them must always be persisted in for grinding the masses, to get out more money for meeting Lee loots and spending on standing armies required for Imperial purposes.

Sir, in coming to the third point, whether the Government is justified in persisting in the increased rate, I can only say that in 1921-22 the increase was sanctioned by the Indian Legislature in order to balance the Budget which was otherwise going to be a deficit one. But in these days when Budgets are surpluses there is no justification for the Government in persisting in the enhanced rate. I am certain that if the Government of this country would have been a humane institution then they would have found out ways and means to reduce postal rates and at the same time give the employees proper relief. Sir, if we urge the reduction of any taxation in the country Government will always put forward their antediluvian arguments of a fall in revenue. Sir, if we had the real power then it would have been for us to give the cloth and for the Government to cut its coat accordingly. But unfortunately we are slaves in our own country and therefore we are expected to do what our masters bid us to do even for their own benefits and gains.

Then, Sir, there is the question of the deficits of the Telegraph and the Telephone Departments which are the pet children of the bureaucracy, for with the help of these and the military it will be easier for them to keep the people of this country in bondage for a longer period. Further, this Government spends some 58 crores on military expenditure, can find out millions for creating an Indian aerial fleet, will certainly find out crores, when necessary for the creation of the Royal Indian Marine, can grant Lee Loot to the members of the steel frame administration and can spend

[Srijut Lokenath Mukherjee.]

some 25 crores in manipulating the stabilisation of the exchange ratio at the unjust figure of 1s. 6d. simply for helping what I should name as the Blackest Loot. But the same Government brings the argument of a fall in revenue and postal earning when it is a question of relief to the people of the country by a few millions. What justification has Government to utilise the surpluses in the postal side to meet the deficit of the Telephone and the Telegraph Departments? What steps have Government taken to make the said two Departments self-supporting after the insistent demand on the popular side in the Indian Legislature? Why could not Government find its way to increase the telegraph rates? The reason is plain and simple because it will touch the pockets of the White Business men in this country who are said to be great patrons of the Telegraph Department. Why could not the Government raise the rates on imported catalogues and printed matter? Why do not Government raise the rates on parcels? All these which I have mentioned are no concern of the masses. They never care for Whiteaway's catalogues or Francis Harrison's sale notices. Knowing all these, we Indians, and especially on this side of the House, cannot but press for the reduction of rates on postcards which are the only means of communication for the poor masses of India. But the Government, as I have said, is too wooden to accept any of such suggestions which ultimately affects the business of our masters and their countrymen. Further, I ask the Government that every now and then we hear from them sympathy for the masses but where are those crocodile tears now? Why do not they come forward with the suggestion of reduction of postal rates and increase of telegraph charges?

Lastly, I take this opportunity of congratulating my friend the Honourable Sir Bhupendra Nath Mitra for making the following statement in the other House. He said:

"It is hardly correct to say that the surpluses in the Postal Branch are contributed by the poor man. As has been pointed out by Sir Geoffrey Clarke several times on the floor of this House that our rural post offices do not pay."

And he went on and said further:

"The surplus in the postal branch must therefore be contributed largely by men living in the big cities and urban areas who are the very people interested in the telegraph and connected services."

Sir, we on this side of the House do not agree with what my Honourable friend the Member in charge said in the other place. The whole statement is based on the wrong assumption that the urban population are always richer. On the other hand, Sir, it is just the reverse; with the exception of a few important cities like Calcutta, Bombay, etc., most of the earnings of the urban post offices come from the poor. As I have already said, in these days of easy means of conveyance and of industrial development, the rural population is gradually moving towards the urban areas and industrial centres and the wage-earners of these centres contribute most of this postal surplus. In this connection I would like to ask my Honourable friends opposite whether there is any other post office where the postal earnings are more than in the few in Tatanagar or in the neighbourhood of the jute mill areas in Bengal. But who contribute to the earnings of these post offices? It is the daily wage-earners who send letters to their village homes. The earnings never come from the few European managers and officials of these industrial centres.

Lastly, I would ask the Government to consider the matter seriously and favourably as the increased rates in the means of cheap communication is shattering further the already shattered belief of the masses about the advantages and benefits of your administration. The resumption of a cheaper means of communication will, I believe, not only redress a main and real grievance of the public but at the same time will bring to the Government blessings in disguise by pacifying the masses at least to a certain extent. Here is an opportunity and I appeal to my Honourable friends opposite not to let this chance go by. It is now high time that Mr. Ley's "hardy annual" should be uprooted once for all by the reduction of the rates on postcards.

With these few remarks, Sir, I wholeheartedly support the amendment.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I want to say a few words about this very important amendment which has been engaging the attention of this House as well as of the other place so often. Last year in speaking on a similar amendment I dealt with this question at great length, but I do not propose to go in detail into this matter on this occasion. Sir, in a House like this there is a feeling of depression when questions of popular demands are brought in. On one of my Resolutions the Honourable the Home Secretary referred to a term used in the game of tennis. He characterised my Resolution on one occasion as an attempt to get as many "love sets" as possible. I would ask the Government if they have not a feeling of satiety in having repeated love sets here. All the same we are continuing in this Council at least to give pleasure to the Treasury Benches to enable them to get love sets as often as possible. But we are here doing our duty by our constituencies. There is a very large demand in the country for the reduction of postal rates. Sir, the figures which are given in these voluminous pages are not easily understood even by people who take some trouble and much less in the case of the mass of the people, who cannot be convinced by any amount of reason or the cold logic of facts in the shape of these figures. More especially is that the case when the figures of different Departments are presented to us merged in one head, though presently we may be told that separate accounts are being maintained for all these Departments. Sir, they take particular care to show that this Department, which we thought to be self-supporting, is only arriving at that ideal and has not yet come to it. But really speaking, if you look at the budget of the Postal Department you find that every year there has been a profit, and this year I find that the Postal Department has earned a profit of more than 24 lakhs of rupees. But these budget figures unnecessarily burden the Postal Department with a good many items of debit which that Department ought not to bear. First there is the item of interest charged to revenue. Sir, after all what are these capital charges on which interest is being paid? They are the charges for buildings, etc., provided from general revenues, and the general revenues have been to some extent augmented by the revenue from the Postal Department. Also I am not in a position to say how much of that capital expenditure has been furnished by the Postal Department, but I take it that it has been somewhat considerable. Sir, this Postal Department is treated in a very step-motherly way by the Central Government. It does not receive the same sort of attention which the military side receives. I am only referring to one aspect of it. The Railway Department is giving a concession to the Military

[Mr. P. C. Desika Chari.]

Department. I would request that the same concession may be given to the Postal Department. After all the railways and the post offices are sister departments and there is a good reason for the Railway Department to show some concession to the Postal Departments by doing away with the charges which they at present make against the Postal Department. That would add something more to the profits of the Postal Department. Sir, the Retrenchment Committee suggested that the cost of maintenance of this Department may be as low as 8½ crores. We find, Sir, that the recommendations of that Committee have not been adhered to at all in the matter of expenditure. Expenditure in this Department has been going up, and we are now told that if this popular insistent demand is met then the general revenues will be compelled to pay a subsidy. And they go on to say, if you ask for a subsidy for this Department why not pay subsidies to several other Departments as well? I say, Sir, this Postal Department is not merely a commercial concern. I find originally the Government of India were inclined to regard it purely as a commercial department and they wanted to work it purely on the same lines as a merchant runs a business which has no pretensions to being of national utility. But the Postal Department is an agency of very effective national utility in various directions, and when such is the case is it not right and proper that the general revenues should pay a subsidy? The principle has been well established that no civilized Government should refuse to subsidise an agency for national utility. After all, when we look into the question, we find the general revenues are asked to pay a subsidy to the sister department of Telegraphs and Telephones, and we find also that subsidies are being paid to other departments in which the public at large is not interested. Take, for instance, the Ecclesiastical Department. If the Ecclesiastical Department has to be maintained, where is the need for the general tax-payer to subsidise that Department? In fact the general tax-payer is practically not subsidising but paying the whole cost, the entire cost, of the Ecclesiastical Department, which cannot be said in any sense to be an institution of public utility in the larger sense. It may serve the purposes of a particular community, but it does not serve general purposes. So, after all, this question of a subsidy is a stale thing which is brought up every time this demand arises, and this is therefore after all a very strained attempt to explain away a very difficult position. The Government of India cannot deny that there is a large demand in this country and that this is a demand which ought to be met. Sir, after all, we find in more advanced countries where the cost of living is higher—for instance in the United States of America,—the postal rates are kept as low as possible. The general principle that is applied in all these cases is that in the matter of such vast importance, in the case of an agency which serves such a large purpose, this narrow and restricted and technical view of things ought not to prevail. We expect from the Treasury Benches some sort of sympathy and support for such a large popular demand. Sir, I am conscious that there is ample scope within the Department itself to find the ways and means to effect this reduction of postage and at the same time not trench upon the resources of general revenues. It is, after all, a small item: and if the general revenues ought to pay some amount for some time at least to keep down the postage, it is a very necessary thing because, after all, in a large Budget involving several crores this small item of a few lakhs of rupees

(*The Honourable Sir Maneckji Dadabhoj*: "How many"?)—say 90 lakhs,—if you make the reduction, it will come to Rs. 87 lakhs, but we have to take into account, as explained last year, that there will be a reduction of traffic in letters from the increase of traffic in postcards. Taking these two things together, it is not likely to come to any figure over one crore of rupees. But this one crore of rupees will not be the loss that will be sustained. Sir, by the reduction of the postage, it is not denied, and I do not think it will be seriously disputed, that there will be a large increase in the traffic, and this large increase, to anticipate the arguments of the Treasury Benches, would lead to a larger and larger subsidy. Sir, I join issue and say that a larger subsidy will not be necessitated. No doubt the staff may have to be increased in the lowest grades, and, after all, the higher ranks of the Post Office are quite enough so far as the controlling agency is concerned, even though there is a larger traffic; and after all, it is bound to result in a profit; though not proportionate to the increase in the traffic, it is bound to result in a profit to some extent, and this subsidy is bound to go on decreasing year by year; and this aspect of the case, that the reduction of the price of the postcard will automatically increase the traffic, is a consideration which ought to weigh very heavily with the Members of this House. Sir, if the Post Office is a national agency, is there any reason why the fullest benefits of that national agency ought not to be enjoyed by the mass of the population who want it? If, by putting up the price of postcards you prevent a large number of people from taking advantage of this national agency, is that not a sufficient reason to give some sort of support to that national agency which will make it more and more efficient in the interests of the greatest good of the greatest number? Sir, I know that the Honourable Member in charge of the Post Office will say, "We are going to improve the position of the postal clerks". But it is unfortunate that this improvement in the pay and prospects of the postal employees should be coupled along with this larger demand for a reduction in the price of the postcard. Sir, in the matter of higher appointments, when they want to give allowances and increases of pay to the higher staff, they take particular care not to bring forward the ultimate effect upon the revenues of a particular Department. But it suits them to bring forward this one excuse so that people who have got some sympathy for the reduction of postcards may be induced to vote against it. Sir, this is not a reasonable attitude to take up; and after all, last year, after the Swarajist Members walked out, this Council very nearly passed an amendment on the same lines brought forward by my friend, the Honourable Lala Ram Saran Das; and I say, Sir, those people who voted on that occasion should consistently vote also on this occasion; and I do not think anything else has intervened between last year and this year to take away the support of those people. On the other hand, I would submit that there is a better reason for giving a larger support this year. We are assured, Sir, that the finances of the country are in a very sound condition. We are assured also, and there is a sort of prophecy, that the Budgets for the coming years also like the Budget of the present year would result in realized surpluses. In these circumstances, I think there is a greater need for supporting the amendment of my friend, the Honourable Seth Govind Das, as it is quite opportune, and the time is ripe for giving effect to this popular demand which has been denied for so many years. With these words, Sir, I heartily support the amendment.

THE HONOURABLE SIR MANECKJI DADABHOY: Sir, as I propose to vote against this motion (*An Honourable Member:* "As you always do."), I would like to explain my position as to why I have come to that decision. Let me assure this House and Seth Govind Das that I am in deep sympathy with this amendment. (*An Honourable Member:* "Lip sympathy.") No, not lip sympathy, practical sympathy. I am in deep sympathy with the amendment, and I hope the time will come as early as possible when this much-needed relief will be given. I am entirely in favour of this, but my humble opinion is that this is an inopportune time for pressing on the Council an amendment of this nature. What do we now find? As a matter of fact for the year 1926-27 the revised Budget points to a net loss of Rs. 7 lakhs as compared with the original estimate of Rs. 10 lakhs in the combined revenue of the Postal and Telegraph Departments. We are there confronted in the first instance with this important fact that this Department is working at a loss, and next year there is not much hope, according to the speech of the Finance Minister, of effecting any improvement in the matter.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the Postal Department alone?

THE HONOURABLE SIR MANECKJI DADABHOY: My friend asks "What about the Postal Department alone," and my answer is that before we reduce the stamp duty on postcards it is imperative on our part to raise the starving salaries of postal peons and postal clerks about which much has been said in this Council before. (*An Honourable Member:* "It has nothing to do with this.") It has a great deal to do with it. If you cannot understand, I cannot make you understand. Postal peons are at present receiving starvation wages. Their wages have not been increased substantially of late. Their position is a primary object of our sympathy. If you want good and efficient postal service your primary duty is to see that these postal peons are properly paid according to the general rise in wages.

THE HONOURABLE SHAH MUHAMMAD ZUBAIR (Bihar and Orissa: Muhammadan): Are you giving an assurance on behalf of the Government that the pay of the postal peons will be increased?

THE HONOURABLE SIR MANECKJI DADABHOY: It is not my privilege to give any assurance on behalf of the Government. The Honourable Member is present here and he will tell you what he thinks of it. At present I am expressing my view on the subject that I think it is more obligatory on our part that we should ameliorate the condition first of these wretched servants before we go and have a reduction

THE HONOURABLE SHAH MUHAMMAD ZUBAIR: It is not in our hands, Sir.

THE HONOURABLE SIR MANECKJI DADABHOY: You cannot have everything at one and the same time. It is not in your hands, it is not in my hands, it is not in the hands of the Government.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: We want both. We want both the reduction in prices of postcards and an increase of the pay of postal peons, etc.

THE HONOURABLE SIR MANECKJI DADABHOY: I hope you will get both, and I shall be very pleased to see when you get them.

THE HONOURABLE THE PRESIDENT: The Honourable Member has got into the habit of holding conversation with other Members of the House. He complained of interruptions, but I think the House will be with me when I say that the Honourable Member invites them.

THE HONOURABLE SIR MANECKJI DADABHOY: I am sorry. I will take no notice of any observations that may be made. That is one reason why I consider that this is not the opportune time. Moreover, Honourable Members have not pointed out to us where the money is to come from. If they had indicated in the course of their speech a constructive programme as to how this money of 87 or 90 lakhs, which is nearly a crore of rupees, is to be found, I should have been happy to revise my opinion. I am certainly not going to allow this year anything, so far as I am personally concerned, to conflict with the total remission of provincial contributions. I want that millstone should for all time be removed now and when we get this opportunity it should be wholly removed, and when it is removed I shall be the first, and very happy indeed, to join my colleagues here in pressing for suitable and appropriate reductions in matters of taxation. But this year we are precluded from doing so, because if we do make a movement in any other direction, we shall be retarding in part the remission of provincial contributions, and I hope even my Honourable friend Mr. Ramadas Pantulu will agree that his province is in much greater need of 187 lakhs this year than any relief or remission in other directions. Then also the question is, once we get rid of provincial contributions and we have a surplus, our duty will be then to consider which relief should get precedence. Here my friend asks for this. My friend on the right has got another amendment for reduction of the super-tax. We cannot have all at one and the same time. We will have to consider the respective merits of each demand, and how far it is justified; and when we get rid of the provincial contributions, and when we have got a surplus, then the duty of this Council will be to examine each demand and to see which should get real precedence in the matter of reduction of taxation. It is for these reasons, with great reluctance, I am compelled to oppose this amendment, though my full sympathies are with the Honourable the Mover.

THE HONOURABLE MR. A. C. McWATTERS (Industries and Labour Secretary): Sir, the Honourable the Mover of this amendment was commendably brief in his remarks and I will endeavour not to detain the House too long in replying to them. This is not the first occasion on which I have taken part in the debate on an amendment of this kind to the Finance Bill. But on this occasion I am particularly glad to be able to approach it not merely from the financial point of view, but from the point of view of the interests of the Department with which I am now connected, because I hope to convince the House quite easily that from the point of view of that Department, as well as from the point of view of general finances, it will be most undesirable to accept this amendment.

I will deal first of all with the question of the cost. The Honourable the Mover mentioned the figure of Rs. 86 lakhs which is approximately correct. We ought to take of course the figures of traffic estimated for the coming year, which would bring the figure to about Rs. 90 lakhs. But apart from that, on the question of cost, there are two important considerations to remember. The first is that if you have a postcard rate of a quarter of an anna and a letter rate of one anna—and there are no proposals before

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us for the amendment of the letter rate—it will be an uneconomical arrangement, because the gap between these two rates is too large and you will have a diversion of traffic from letters to postcards. As I shall show later on, the postcard is used not only by the poor man but very largely by the business man. And the business man is much the same all the world over. The business man, especially if he is a successful business man, “needs must love the *cheapest* when he sees it,” and therefore there is no doubt whatever that we shall find a large diversion of traffic from the letter to the postcard, from the more productive rate to the uneconomical rate. There is a further point. We expect of course by the reduction in the rate that there will be an increase in the traffic in postcards. But I would point out that if we are selling postcards at an uneconomical rate, that is to say, if the revenue which we get from the postcard is less than the cost of the staff we employ to handle it, it follows that any increase in the traffic must simply add to our loss and not reduce it. It is only in the very small one-man post offices that we could handle this extra traffic without additional staff, and therefore, generally speaking, although the overhead charges would be somewhat spread and therefore the loss on the additional traffic would be proportionately less, there would still be a loss and every increase of traffic will merely add to the loss. Therefore I consider that the House should take a figure of at least a crore as the probable loss if this amendment is accepted.

As regards the general financial policy which governs the administration of this Department, it is that the Department, being a public utility concern, should not be run at a profit nor, on the other hand, should it be a burden on the tax-payer. After all postal rates are not a tax at all, they are merely payment for services rendered. Now, I suppose every Member of this House will have seen this Memorandum which I have in my hand and which was circulated recently. It shows the latest figures for the working of the Department. In the current year the joint Department will be working at a loss of about Rs. 7 lakhs, and in the coming year we hope that the loss will be reduced to the much smaller figure of about Rs. $\frac{3}{4}$ lakh. In other words we hope that the joint Department will be practically covering its expenses. This Memorandum also shows the figures of each of the separate branches of the Department. At the present time I do not think it is necessary for me to go in any great detail into the question of the commercialisation of accounts, as I had occasion to speak on it in the House a few weeks ago. The Memorandum on the commercialisation of accounts was presented to the Public Accounts Committee of the other House and, I believe, met with their general approval. The new accounts present the figures separately of the three branches of the Department and the position which is anticipated in the next year is this. The Postal Department is expected to work at a profit of 8 lakhs; the Telegraph Department at a deficit of nearly 6 lakhs and the Telephones at a deficit of about 2 $\frac{3}{4}$ lakhs. I think the House will realise therefore that the conclusion which was arrived at by the writers of this Memorandum indicating that neither the Post Office nor the Telegraphs would be found to be working at an appreciable profit or loss, is substantially correct. But there is one further point. In so far as the Telegraph Department is working at a loss, it is due very largely to the specially privileged rates which are allowed for press telegrams. In every country, and quite rightly, specially privileged

rates are allowed for press telegrams because the newspaper fulfils special functions for the general benefit of the community. It helps the spread of education; and by helping the spread of education and increasing correspondence, the newspapers pay back to us through the postal rates a good deal of what we lose on the press telegram rates.

The position then simply is this. If effect be given to this amendment, there will be a loss of approximately a crore of rupees in the General Budget and that loss can be made up only in one way, that is by the imposition of other taxation.

I turn now to what I regard as a no less important aspect of the question, namely, the effect of this amendment on the Department itself, and as a preliminary point I would like to call attention to the figures of traffic in postcards. What I have to say applies equally to letters, but for the moment we are concerned only with the postcard traffic. The House will observe that in the year 1922-23, that is immediately after the rates were raised, there was a falling off in postcard traffic of something over 100 million postcards. They will also observe, if they look at the figures, that in the five years before the War the average increase in postcard traffic was 14 millions a year. Immediately after the War, however, in the three years from 1919-20 to 1921-22, there was an increase of no less than 99 million postcards, and what was the reason for it? Obviously those years coincided with the trade boom after the War, and further the great falling off in the following year, which coincided with the increase in our rates, must have been largely due to the unprecedented slump in trade in that year. I think there is one conclusion which we may draw from this, and that is that the postcard is used to a great extent by business people. But I can prove that from figures which are even more conclusive. If we take the figures of a purely rural area such as Bihar and Orissa and compare them with a large industrial Presidency like Bombay, we find that the population in Bihar and Orissa is approximately 33 millions and the population in Bombay is 27 millions. But the number of postcards used in Bihar and Orissa is 33 millions while the number used in Bombay is 110 millions. I ask the House to consider what inferences are to be drawn from that. Obviously, as indeed we all know, the postcard is largely used by business people and the middle classes in the towns

THE HONOURABLE SETH GOVIND DAS: And by whom are envelopes used, by the poor? Is that so?

THE HONOURABLE MR. A. C. MCWATTERS: It is also used by the poor; I am only saying a large number of postcards are used by these other classes. The further point to which this leads is this, that one result of this amendment will be to hamper us in the development of rural facilities, extending post offices in rural areas. I doubt very much therefore whether we shall be doing any very great benefit to the poor man by passing this amendment. I might explain that in the five years leading up to 1924-25 the number of new post offices increased only by 780. In the last two years alone we have started 1,400 new post offices. I ask the House to consider whether, before we run this Department at a loss, we should not try to bring postal facilities nearer to the door of every man.

I now turn to another aspect of the question which is also very important and that is the effect of passing this amendment upon the conditions of service of the staff of the Department. Honourable Members of this House

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will no doubt have read the Memorandum which appears as an appendix to the yellow book that was circulated at the time of the Budget. That Memorandum describes in detail the proposals which have been given effect to and which are proposed for the improvement of the conditions of the staff. In the current year we shall have spent about Rs. 5,80,000; in the Budget are included proposals amounting to Rs. 12,15,000 and in a full year the proposals already sanctioned will cost Rs. 24,50,000. There remain other members of the staff whose case has not yet been dealt with and the body of inferior servants, to whom the Honourable Mr. Chari referred, is included among them. They are specially referred to in this Memorandum, a body of about 40,000 Government officials. In order to deal with all these cases we shall probably require a sum of something like Rs. 10,00,000, so that the total cost of these improvements in the conditions of the staff will cost about 95 lakhs of rupees. I ask the House to consider, if this amendment is passed and the Department becomes a deficit department, how the Honourable Sir Bhupendra Nath Mitra or myself will approach the Finance Department and ask for further money for the improvement of our staff and for the extension of rural facilities. We shall be in a very different position if we approach them as a paying concern than if we approach them as beggars, as one of the queue of unproductive services.

There is one further point. The House a few minutes ago, by restoring the rate of the salt duty to 1/4 has shown that it desires that the programme of remission of contributions should be carried out in full. The effect of passing this amendment will be to make that programme inoperative to the extent of one crore. And I would especially call the attention of my Bombay friends, who stand very low in the distribution list of contributions, and ask them to consider how that would affect the Bombay Presidency. And I would appeal to the House as a whole, when they have given generously with one hand not to take away the gift with the other.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab Non-Muhammadan): Sir, I rise to support the amendment. Why I do so, Sir, is because people expect blessings in the way of communications from a civilized Government. The Honourable Sir Maneckji Dadabhoy has said if ways and means be found for finding the money, he will see his way to support this amendment.

THE HONOURABLE SIR MANECKJI DADABHOY: Not this year.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Why not, Sir, we have been seeing during the last couple of years that our Finance Member has been underestimating our revenues, and the average under-estimation has run to somewhere near two crores a year. I believe this year we shall have a similar surplus in the end. We hope to find a surplus of between 2 and 3 crores. One crore can be easily met out of that. In case this is not a business proposition we can find this 90 lakhs by reducing our debt redemption which is now being met on a larger scale than what it ought to be. The Honourable Mr. McWatters has intimated to this House that during the last two years 1,400 new post offices have been opened and thus facilities have been extended to the public. The Post Office, as he himself has said, is run purely on commercial lines and the opening of these new post offices must have proved to the Department a paying proposition before these post offices were made

permanent. So by adding permanently to the number of our new post offices we are certainly adding to the postal revenues. Mr. McWatters has also said that postcards are used by business people more than they are used by the people in rural areas. In that connection I beg to say that as far as Punjab is concerned we find that postcards are much favoured by the poor and rural classes. The comparison between Bihar and Orissa and Bombay is perhaps due to the fact that in Bombay the people are more literate than they are in Bihar and Orissa, and literacy goes a great way to increase postal traffic. The Honourable Mr. McWatters has not taken into consideration the normal increase in traffic every year. I think the normal increase in traffic every year will to a certain extent compensate for this loss. The Honourable Mr. McWatters has also said that there has been a deficit of 6 lakhs in the Telegraph Department and 2 lakhs and a quarter in the Telephone Department. As far as the Telegraph Department is concerned my own opinion is that if the increased rates on telegrams were reduced, I think our revenues will certainly increase from telegrams. 12 annas initial fee for an ordinary telegram is rather too high. I remember the days when the four anna telegrams were introduced and how the people were using the telegraphs freely. He has also said that after the War owing to the trade boom there was an increase in postal traffic. I hold that at the present time and for the last four years there has been constantly a trade depression which has also accounted for the loss in postal traffic. I think, Sir, that when our trade depression removes and better times come we would certainly have better postal traffic. There is one more point I want to mention before I finish that increase in the cost of extra establishment will not be in proportion to the increase in postal traffic. The increase in establishment will be quite trifling as compared with the increase in traffic and so the argument put forward by the Industries Secretary as regards the extra cost in working the postal services does not hold good. By pressing this amendment I do not mean to say that the emoluments of the postal clerks and peons should not be increased. They ought to be increased and they deserve the increase. With these few words I support the amendment.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: One of the causes for which I stand to speak is that last time when my Honourable friend Lala Ram Saran Das moved a Resolution I voted for it because I was assured by a colleague that he knew of some cases of hardship. Before that I have spoken on this subject about 8 or 10 times and I have always been consistent and said that there was not much need for a reduction in the price of postcards. It is a sentimental cry more or less like that of salt because if one card is to be written per week the cost could only come to two annas a month. I know the rural parts where I live. To begin with there are no post offices there and so the people cannot buy cards. Their relations are generally in the village itself or in one or two villages round about which they can reach easily and speak verbally rather than write a letter which takes three or four days to reach owing to the post office not being in each village. About this letter writing another thing is that some people who have been educated think that they must use their brain and they get the letter writing mania. I have received letters from which I have noticed that a big trade in begging is going on. They write letters saying that they are in such and such a plight and hardship. Perhaps they will write 20 letters to wealthy people. I have known some beggars who, when finding a wealthy godly man who has got a belief in a

[Sir Umar Hayat Khan.]

particular spiritual leader, write to him to the effect that in a dream they had seen the spiritual leader who told them to approach the wealthy godly man and he would give them the money required. In fact I myself have received such letters also. During the last few days in Delhi, I gave post-cards to some of my servants. They wrote them and came asking for more postcards. I did not know what they were writing and asked the Munshi who writes the cards for them. In most of these only this was written: "We are quite all right. We are very sorry we have not had a letter from you." And when that card goes to the other side naturally the relations like to buy another card and write back. And so it goes on to and fro like a shuttlecock. On the big questions of the salt duty and the ratio many able Members have voted on the side of the Government, which practically means in favour of abolition of the provincial contributions. It has been emphasised here that we cannot afford to lose this one crore of rupees annually, as it will affect our remission of contributions proportionately. A poet has said, Sir:

*"Khat likhenge garchi matlab kuchh na ho,
Ham to dehq hain tumhare nam ke".*

It means, "I will write letters even though I have got nothing to say; my pleasure lies in addressing you only. So, I think, those who write such letters can easily write once in two weeks instead of once a week. And in my opinion, Sir, I do not think we should accept this amendment for another reason also. The rate as it is now has emerged from what they call the popular Chamber, and they are always accusing us of meddling with their decisions, and as we have meddled with one of their decisions, namely, the salt tax, to-day I suggest that we should not meddle further."

THE HONOURABLE SETH GOVIND DAS: Will the Honourable Member tell me if the popular House had passed this amendment he would have accepted it, and whether measures passed by the popular House have generally been supported by the Honourable Member?

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Sir, the other House has got its own ideas and we have our own. If they do a thing which is right in our opinion we should stick to it, and if they do something which we consider is not right we ought to go against it. I think we ought to be on their side this time and not meddle with this matter.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, it is not often that the Honourable Mr. Seth Govind Das and I happen to agree on any motion he brings forward in the House. To-day I am glad that in the matter of the reduction of the price of the post card, I am in entire agreement with him.

Sir, this question has been discussed in this House and elsewhere, so thr-adbare from all points of view, that there seem to be no new arguments to carry conviction to the Government. Reduction of post card prices has become an annual question and the Government also give the stereotyped reply. Beyond this, Sir, they do not move an inch from their position.

Sir, it was in 1922, I think, that the price of the postcard and letters was increased and ever since frequent attempts have been made to persuade the Government to reduce it but with no result. Sir, I learn that postal

facilities in the rural areas are to be improved and increased in the current year. If that be so, the primary requisite will be that these articles should be placed within the reach not only of the rich but of the poor agriculturist also. Sir, I wish to impress upon the Government as sincerely as I can that their numerous beneficent activities will be better appreciated by the poor villagers more by a reduction of the price of the post-card. Sir, the excuse for the continuance of this rate, however reasonable and cogent it may appear to us, is too technical for the comprehension of the unsophisticated villager. And as the financial arrangements and commitments of the Government stand at present, there seems to be no near possibility of reduction of the price. For, to combine a technical Department which has not or will not pay its way, with the Postal Department and to take your stand on the principle of commercialisation of its joint accounts and to declare in the same breath that unless this Department earns sufficient profits there is no possibility of a reduction, is to deny this much-needed relief for ever. Sir, it matters very little to the residents of remote villages whether you spend lakhs and tens of lakhs for keeping abreast of the latest developments in Wireless and Aviation. What does it matter to him whether you can talk on the telephone from one hill top to another or from Simla to Bombay or Calcutta? It is all the same to him, so long as greater facilities for his comfort and postal communication are not within his reach.

Sir, as I have said there are no new arguments either for or against the motion. In all earnestness and sincerity I appeal to Government, resourceful as it always is, to devise some means by which it can reduce the prices of the post-card, etc. I dare say that the Government Members cannot fail to appreciate our relation to the poor man in the villages, whose comfort and convenience we as his representatives are bound to further. We have knocked at the door of Government almost every year and it has so far baffled our efforts. But we shall continue the same process of knocking again and again until it opens.

Sir, I would request the Government to keep in view the poor man's post-card and so arrange their financial commitments next year that there will be no attempt on Government's part to justify the continuance of the present rate next year also.

With these observations I beg to support the amendment of my Honourable friend Seth Govind Das.

THE HONOURABLE SIR BHUPENDRA NATH MITRA (Industries and Labour Member): Sir, the Honourable Mr. McWatters has dealt with the various points brought out by the speakers who preceded him so fully that there is very little for me to add to the remarks already made by him. We have been told that the reason underlying this demand is that the present rate for the postcard hits the poor man. I have often found it difficult to ascertain precisely who that poor man is. Is he the poor man in the rural areas? If so, in places in those rural areas there are no post offices, and until post offices are opened there, how is this poor man in the rural areas deprived of his opportunity of using the postcard by the rate being maintained at 2 pice?

THE HONOURABLE MR. P. C. DESIKA CHARI: Can he not walk to the nearest post office?

THE HONOURABLE SIR BHUPENDRA NATH MITRA: He will have to take a very long walk, Sir.

THE HONOURABLE MR. P. C. DESIKA CHARI: They are used to that.

THE HONOURABLE SIR BHUPENDRA NATH MITRA: He will have to walk miles and miles before he can send that postcard. Then as my Honourable friend Sir Umar Hayat Khan said, and he is perfectly correct, these poor men in the rural areas live in compact communities and their relations are all within a few miles of them. Therefore there is no real need for their writing postcards. My friend, the Honourable Mr. Lokenath Mukherji did appreciate that the argument of the poor man in the rural areas would not hold water. Therefore he turned his attention to the poor man in urban areas.

THE HONOURABLE LALA RAM SARAN DAS: Where is the need of village post offices then?

THE HONOURABLE SIR BHUPENDRA NATH MITRA: The need for village post offices was mentioned I think by some other Honourable Member. With the spread of education and the opening up of the rural areas, people from those areas are attracted more and more to the urban areas, and when that process is to some extent completed, the need for the use of postcards by these villagers in the rural areas will grow. My Honourable friend, Lala Ram Saran Das, said that the reason why we were opening these additional post offices in the rural areas is that we are deriving profits from these post offices, that they are adding to our surplus postal revenues. (*The Honourable Rai Bahadur Lala Ram Saran Das:* "Indirect revenues"). Now, Sir, I may tell my Honourable friend, as well as the other Members of this House that these post offices, when they are opened in the rural areas, are opened in the form of experimental post offices, and that they do not pay their way. (*The Honourable Seth Govind Das:* "Do the rural post offices pay in other countries?") No, Sir; but I am simply replying to an argument already used by my Honourable friend, Lala Ram Saran Das, when he said that we open these post offices in rural areas because they contribute to the postal surplus. I think, Sir, he made that remark.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask one question, Sir,—whether these experimental post offices are always opened for experiment for a certain period, and in case they do not prove to be profitable, they are then closed?

THE HONOURABLE SIR BHUPENDRA NATH MITRA: My Honourable friend is not correct. In the rural areas, a post office is first opened as an experimental post office. It does not at that stage pay its way. But still the Department maintains that post office, to the extent that the funds at its disposal permit of its doing so, as a means of making postal communications available to the poor man in the rural areas. Later on when that post office pays its way, it is made permanent. But an experimental post office does not necessarily mean that it is kept open for certain seasons of the year.

Now, Sir, I have heard a good deal about this poor man argument. What was the reason which led us to raise this postcard rate? It was fundamentally the large increase of expenditure which resulted from increasing the pay of the subordinate servants—the poor men—of the Post Office. (*The Honourable Srijut Lokenath Mukherjee:* "Still there is a surplus in the Postal Department?") The surplus, as has been

pointed out by my Honourable friend, Mr. McWatters, will be Rs. 8 lakhs in the year 1927-28. That 8 lakhs will not enable us to meet a loss of revenue of a crore. Now, in regard to the improvement of the conditions of service of these low-paid employees, as Mr. McWatters pointed out, a lot has still to be done, and therefore the need for maintaining this enhanced rate continues. But I wonder whether any of the Honourable Members in this House are serious when they drag in the poor man argument. Have not the poor man's earnings gone up largely in the course of the last 40 years, that is from the year 1881, when the rate for the postcard was originally fixed at one pice? I have got before me certain figures which were prepared by the Bombay Labour Office for the Currency Commission, and my Honourable friend, Sir Maneckji Dadabhoy, is no doubt already familiar with them. I find here that in urban areas, the particular class of locality to which reference was made by my Honourable friend, Srijut Lokenath Mukherjee, the nominal wages of the ordinary labourer had risen from 100 in 1900 to 300 in 1925, that is, they trebled themselves. (*An Honourable Member*: "What was the cost of living?") The cost of living has gone up from 100 to 181 and the cost of living must include the price of every article and of every service, and it must therefore include the price of the postcard. I admit that the cost of living has gone up. But the price of that postcard is an item in the cost of living. The poor man would certainly have a grievance if, while prices had gone up, his wages had not gone up; but the figures I have given show that while the cost of living has gone up, and that cost of living includes the price of the post card when the poor man has the occasion to make use of that postcard, the wages of the poor man in urban areas has gone up more than the rise in the cost of living. Similarly, if we take rural areas, here too I find that the nominal wages of the ordinary labourer in the rural areas in the Bombay Presidency has gone up from 100 in 1900 to 325 in 1925. (*The Honourable Mr. P. C. Desika Chari*: "What about other provinces?") I have no information about other provinces readily available, but I believe that in Madras too similar conclusions were arrived at by a Committee which was appointed by the Local Government to examine the rates of pay of the subordinate services. (*The Honourable Mr. P. C. Desika Chari*: "They were not the same conclusions.") Well, I am speaking from recollection, Sir; probably my Honourable friend knows more about it, but I am speaking of a Committee which submitted a report I think in 1921. (*The Honourable Mr. P. C. Desika Chari*: "Yes, they based it on jail dietary and famine rations.") Well, the Honourable Member may consider that their conclusions are wrong; I am simply giving the facts which have come before me.

Well, Sir, as I was saying, I have therefore never understood this poor-man argument, and I know that in another place my Honourable friend, Mr. Joshi, who takes a keen interest in the poor man, has never subscribed to the poor-man argument. (*An Honourable Member*: "He is interested only in labour.") Well, the labourer is a poor man, I should say he is probably the poorest of poor men. I think my Honourable friend, Srijut Lokenath Mukherjee was drawing attention to the poverty of the urban labourer.

Then, Sir, another of the Honourable Members of this House drew attention to the practice in the United States of America, and I was

[Sir Bhupendra Nath Mitra.]

told—(at this stage an Honourable Member was going to interrupt the Honourable Member), I am sorry, but probably the Honourable the President would not like me to give way on every occasion; I remember the rebuke he administered to my Honourable friend, Sir Maneckji Dadabhoy a little while ago—Now, one of the Honourable Members here referred to the practice in the United States of America where they run their post office at a deficit, that is, there is a certain amount of subsidy from the general tax-payer. I explained the other day in another place that that is due to the fact that official correspondence in that country, including what is known as parliamentary correspondence, that is, in this country the correspondence of every Member of this House as well as of the other House, is carried free of charge and under frank. Well if we were to do that in India, we should be compelled to run our postal services also at a deficit of a crore of rupees, because here every official letter at present has to be paid for by a service stamp and the revenue derived from those service stamps is a crore of rupees. If we gave up that practice and followed the practice in the United States of America, the result would be that we would have to run our Post Offices also at a deficit of a crore of rupees a year, the other Departments of Government benefiting to that extent. I wonder whether the Honourable Members in this House are also aware that in England the Post Office and the Telegraph Department as a whole is being run at a profit of nearly £4 million, and even so, the British Government do not think that the time has come for reducing the postal rates to the pre-war level. The reason for that is, as they have openly stated, that it is not an economic proposition at the present day to bring back the rate for the letter and the postcard to the pre-war level. Why it is not an economic proposition, I have already tried my best to explain to the House.

1 P.M. As I understand the position, the demand for this reduction in the postcard rate is really based largely on sentiment. I have, however, no doubt that a House composed of business men, like those I see around me in this House, will not allow sentiment to outweigh the other and more important considerations to which Mr. McWatters and I have referred, namely, the development of postal facilities in rural areas and the improvement of the conditions of service of the postal subordinates. I think it was the Honourable Mr. Chari who said that we can meet the cost of this measure by reductions within the Department. He referred to the Retrenchment Committee's Report. There again, Sir, about this time last year I tried my best to explain in another place that we had given full effect to the Retrenchment Committee's recommendations, that in the direction of real economy we had gone beyond the recommendations of the Retrenchment Committee. But having reached a level of expenditure—I think the figure given by Mr. Chari of 8½ crores is fairly correct—having reached that figure, it is obviously impossible to stick to that figure. The expenses must go up with the development of the traffic. I should like in this connection to give a few statistics, which, I hope will convince the House that there is no material scope for further retrenchments in the Department. The bulk of the expenditure is on the pay and allowances of these subordinate employees. The total volume of postal traffic including parcels, and money orders has gone up from 1,081 millions in 1913-14 to 1,810 millions in 1925-26, that is by over 21 per cent. The strength of the staff, exclusive of the audit office and the road establishment which fluctuates

with the development of railways and motor services; has increased in that period from 74,000 to 88,000 or less than 20 per cent. Now, one of the standing grievances of the staff has been that they are compelled to work longer than 8 hours a day, which is the attendance prescribed by standing orders; and if we want to cut down the staff further, that grievance will be intensified and it is sure to react on the efficiency of the staff. I think it was also my Honourable friend Mr. Chari who asked "Why not reduce some of the highly paid officers in the department?"

THE HONOURABLE MR. P. C. DESIKA CHARI: I never said that. I merely said that even if there is increase in traffic the higher staff need not be increased.

THE HONOURABLE SIR BHUPENDRA NATH MITRA: I shall deal with that now. Probably my friend does not know that out of a total staff consisting of the 88,000 men I have mentioned and a road establishment of 17,000, altogether over a lakh, only about 300 are in receipt of pay of Rs. 300 and over and only 32 are in receipt of a pay of Rs. 800 and over. That is the higher staff in the Department. In fact, the House may take it from me that further retrenchment in the true sense of the word is not possible in this Department, not certainly in the Postal Branch of the Department, though on the Telegraph side we are still taking certain steps to introduce true economies in certain directions. The next point made was that if we reduce rates, there will be a large increase in traffic. I think it was my friend Mr. Ram Saran Das who immediately questioned that argument. He said that increase in traffic will take place, when business conditions improve and he was perfectly correct. A reduction in the rates by itself is not likely to lead to any large increase in the traffic. But as has been pointed out by the Honourable Mr. McWatters, if there is an increase in the traffic, that traffic will be unremunerative and will add to the loss, it will not reduce the loss in any way. The fact of the matter is, as I have already said, it is not an economical proposition at the present moment to reduce the postcard rate. Later on, probably with an increase in the traffic or fall in prices, it may be possible to reduce rates, as my Honourable friend Sir Maneckji Dadabhoy was anticipating. I cannot say that I am at the present moment as optimistic as he is. I am sure, however, that at the present moment it is impossible to reduce even the postcard rate without sacrificing the efficiency of the Department as a whole.

THE HONOURABLE THE PRESIDENT: The original question was:

"That Schedule I do stand part of the Bill."

Since which an amendment has been moved:

"That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted:

'Single	...	...	...	...	Quarter Anna.
Reply	...	...	...	...	'Half Anna'."

The question is that that amendment be made.

The Council divided:

AYES—14.

Desika Chari, The Honourable Mr. P. C.
 Govind Das, The Honourable Seth.
 Khaparde, The Honourable Mr. G. S.
 Mahendra Prasad, The Honourable Mr.
 Mhhammad Hussain, The Honourable Mian Ali Baksh.
 Mukherjee, The Honourable Srijut Lokenath.
 Ram Saran Das, The Honourable Rai Bahadur Lala.
 Ramadas Pantulu, The Honourable Mr. V.

Rama Rau, The Honourable Rao Sahib Dr. U.
 Roy Choudhuri, The Honourable Mr. Kumar Sankar.
 Sett, The Honourable Rai Bahadur Nalininath.
 Sinha, The Honourable Mr. Anugraha Narayan.
 Suhrawardy, The Honourable Mr. Mahmood.
 Zubair, The Honourable Shah Muhammad.

NOES—26.

Akbar Khan, The Honourable Major Nawab Mahomed
 Brayne, The Honourable Mr. A. F. L.
 Charanjit Singh, The Honourable Sardar.
 Commander-in-Chief, His Excellency the
 Corbett, The Honourable Mr. G. L.
 Dadabhoy, The Honourable Sir Maneckji.
 Das, The Honourable Mr. S. R.
 Evans, The Honourable Mr. F. B.
 Froom, The Honourable Sir Arthur.
 Gray, The Honourable Mr. W. A.
 Habibullah, The Honourable Khan Bahadur Sir Muhammad, Sahib Bahadur.
 Haig, The Honourable Mr. H. G.
 McWatters, The Honourable Mr. A. C.

Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
 Misra, The Honourable Pandit Shyam Bihari.
 Nawab Ali Khan, The Honourable Raja.
 Rainy, The Honourable Sir George.
 Sams, The Honourable Mr. H. A.
 Singh, The Honourable Raja Sir Harnam.
 Stow, The Honourable Mr. A. M.
 Swan, The Honourable Mr. J. A. L.
 Symons, The Honourable Major-General T. H.
 Tek Chand, The Honourable Diwan.
 Thomas, The Honourable Mr. G. A.
 Thompson, The Honourable Sir John Perronet.
 Umar Hayat Khan, The Honourable Colonel Nawab Sir.

The motion was negatived.

THE HONOURABLE THE PRÉSIDENT: The question then is:

“That Schedule I do stand part of the Bill.”

The motion was adopted.

Schedule I was added to the Bill.

Schedule II was added to the Bill.

THE HONOURABLE THE PRÉSIDENT: The question is:

“That Schedule III do stand part of the Bill.”

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to move the amendment which stands in my name and which runs as follows :

" In Schedule III to the Bill for Part II the following be substituted :

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income :—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess	Nil.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or company, for every rupee of the first fifty thousand rupees of such excess	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One and a quarter annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess;	One anna and six pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(ix) for every rupee of the remainder of the excess	Four annas in the rupee.

My request in this amendment is a very modest one. Super-tax, as the House is aware, was imposed as a war measure, and as we have had surplus Budgets for the last three years, the time has now come when Government ought to give favourable consideration to the question of a reduction in the rates of super-tax, if we are not going to get rid of it altogether. During the Great War, Sir, the monied people rendered loyal

[Rai Bahadur Lal Ram Saran Das.]

services by freely and liberally subscribing to the war loans and to the various other public activities. Now, Sir, if we allow the present Schedule to remain, it means that the richer classes have to pay an income tax at the rate of $1\frac{1}{2}$ annas on the rupee, and if their income exceeds a certain amount, they have to pay 6 annas as super-tax, which means $7\frac{1}{2}$ annas altogether, or almost 47 per cent. of their gross income. This taxation I consider, Sir, is very hard on the rich people. Some people will question why, when I have not supported the cause of the poor in voting for a reduction of the salt duty, I should press the claim of the richer community. After all, Sir, the Government should treat all its subjects alike. I do want the richer people to be taxed more than the poorer people; let them be so taxed, but there must be some reasonable limit to the taxation. The rich have borne this tax patiently for a few years even after the War, say for at least seven years, and I now request the Honourable the Finance Member to see his way to reduce the rates of super-tax, as prayed for in my amendment. This will not involve a great loss to Government, but will give a stimulus to the normal agricultural, commercial and industrial interests of India. As far as I can make out, the loss will be somewhere between 40 and 45 lakhs. I give these figures subject to correction by the Finance Secretary, and even if we take a round figure of 50 lakhs, that will quite easily be compensated for from the general contingencies fund. Our revenues are over 125 crores a year and 50 lakhs will be somewhere about half per cent. The Government will be gaining about 7 lakhs from the re-imposition of the export duty on hides and they can find the rest of the money from the contingent fund. Sir, in my request I have been very modest. In case, Sir, we look at Part I of this Schedule we see that the increase between different grades is on a pice basis. I have also applied a similar basis here, and for bigger incomes I have adopted half an anna and I have limited the maximum super-tax to four annas. I think, Sir, that after all, the richness is determined by the savings that a person makes. In these days the cost of living having gone up, these rich people are also hard hit. So you see that the scales on lower incomes in my proposal are due to the consideration that their net savings do not amount to such an extent as to enable them to bear this extra burden of taxation. I need not take any more time because my proposition is a clear and simple one and deserving of the sympathetic consideration of the Government. With these few words I put forward this amendment for the favourable consideration of the House.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North West Frontier Province: Nominated Non-Official): Sir, it is with a good deal of reluctance that I find myself unwillingly put to the unpleasant task of taking objection to the form of rates calculated for the purpose of super-tax. In the first place, at the time of its imposition it was described as merely a war measure. It was presumed, therefore, that it was to be abolished after the termination of the War. It is now some seven years since the War Lord has ceased to rule in Europe. The finances of the country have taken a turn in the direction of improvement and prosperity, and yet we see that no endeavour is made to abolish the measure which at the time of its imposition was said to be a temporary one. The worst of the thing is that the rates of collection are highly excessive. Its effects are keenly felt by every one of those liable to be super-taxed and it has

repeatedly been brought to the notice of the Government that the imposition of this tax at its existing rates is having drastic effect on all the tax-payers, but it is not understood why the Government do not see the necessity of considering the matter. It is a matter of surprise that every year some reductions are granted in several other duties, whereas no provision is made for a reduction of the super-tax. For instance, in the present Budget itself the export duty on tea and hides has been abolished. The import duty on motor cars has been reduced from 30 per cent. to 20 per cent. and on tyres from 30 per cent. to 15 per cent., but no provision has been made for a reduction in the rates of income-tax or super-tax, in spite of the fact that the present Budget yields a surplus of 3.64 crores of rupees. As a matter of fact, the income-tax and super-tax are a great burden on all those concerned, and I think I will have the support of a good many of the Honourable Members of this House in saying that a reduction in this respect is desired most earnestly. It is a pity that no reduction should be allowed to the payers of this tax, when it has been reduced in England and other countries as well. The amendment moved by the Honourable Lala Ram Saran Das, therefore, seems quite reasonable and I do not think that by adopting it the finances of the country will have to suffer much in this respect.

The most objectionable feature is the manner in which the assessment of this tax is being made now-a-days. The Income-tax Officers have their own way of making assessments and no regard is had to the returns submitted or the accounts produced in accordance with the Income-tax law. The course adopted by the Income-tax Department is somewhat coercive and greatly humiliating. I do not want to go into any descriptive detail of the difficulties experienced by the Income-tax payers at the hands of the Income-tax authorities, for these are quite well known to Honourable Members, but I cannot refrain from saying that, briefly speaking, these are causing a lot of inconvenience to tax-payers apart from the financial trouble that they are being put to on account of the treatment meted out to them at the hands of the assessing authorities. I would like, therefore, to venture to request the Government to give favourable consideration to this subject and that the Income-tax Officers should be instructed to be more reasonable in their method of making assessments. With these few words I heartily support the amendment moved by the Honourable Lala Ram Saran Das with regard to the reduction of the rates of super-tax. If nothing can be done this year in the matter, I would request the Honourable the Finance Member to keep this reduction in view when framing his next year's Budget.

THE HONOURABLE MR. A. F. L. BRAYNE: Sir, this amendment will cost the country 57 lakhs and not 45 lakhs, though my Honourable friend has estimated it fairly closely. As far as I can see it is designed throughout to benefit the Hindu undivided family. The position as regards the Hindu undivided family at present is that, whereas the ordinary individual pays super-tax after Rs. 50,000, the Hindu undivided family gets a benefit in that they do not pay until they reach Rs. 75,000. This applies to all incomes under a lakh of rupees, but in the case of incomes over a lakh Hindu undivided families and individuals are treated alike but this proposal would mean that the benefit over the individual which is now given only below one lakh of rupees to Hindu undivided families will be continued all through the various stages. The House by restoring the salt tax has already agreed

[Mr. A. F. L. Brayne.]

so far as this House is concerned, that provincial contributions should take precedence of reduction of any taxation, and I would ask the House to agree also in this case that provincial contributions should take precedence of any relief in respect of super-tax. The Honourable the Finance Member has already agreed to give special attention to any grievances which Hindu undivided families in particular may feel and I would ask the Honourable Member to rest satisfied with that until the provincial contributions have been reduced and until Government are in a position to consider how far they can reduce the scale of taxation. At that time I have no doubt that the claims of the poor supertax payers will receive attention. Otherwise 57 lakhs has got to be found, either by creating a deficit or by reducing the 545 lakhs that is available for the remission of provincial contributions, in which case the interests of Madras and the United Provinces would suffer a good deal. I think the Honourable Member suggested that we might possibly meet the deficit from debt redemption. Well, I am afraid the raiding of funds set aside for debt redemption is a most dangerous measure. It would only mean that the credit of India would suffer very severely, and you would find in the end that you would probably be paying higher rates for interest. (*An Honourable Member*: "Can you not meet it from contingencies?") What I had in mind was that the Honourable Member referred to debt redemption on the amendment for cheaper postal rates, and I wished to take this opportunity of referring to this argument about debt redemption. It has also been suggested that this super-tax was introduced as a War measure. Well, when the super-tax was introduced by Sir William Meyer, he stated categorically both in the debate on the Super-tax Bill in 1917 and in the budget debate of that year that it was not intended to be a temporary measure. It has been suggested that super-tax has been reduced in England and therefore should be reduced in India. But even so, though it has been slightly reduced, it is still very much higher in England than it is in India. Therefore I would ask the House to wait until Government are in a position to consider what taxation they can reduce. I therefore oppose the amendment.

THE HONOURABLE THE PRESIDENT: The original question was:

"That Schedule III do stand part of the Bill."

Since which an amendment has been moved:

"That in Schedule III to the Bill for Part II the following be substituted:

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first twenty-five thousand rupees of the excess	Nil.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna in the rupee.

	Rate.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or company, for every rupee of the first fifty thousand rupees of such excess	One anna in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess	One and a quarter annas in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and six pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	One anna and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(ix) for every rupee of the remainder of the excess	Four annas in the rupee.

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

The motion was negatived.

Schedule III was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I move that the Bill, as passed by the Legislative Assembly and amended by the Council of State, be passed.

THE HONOURABLE THE PRESIDENT: The question is:

That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly and as amended by the Council of State, be passed."

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, the order of the day has been short speeches, quick despatch of business and summary disposal of the destinies of the people which are supposed to be entrusted to our care. I do not wish to break to-day's record by making any long speech but it is impossible for me, Sir, to vote on this motion without expressing what I consider to be the

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genuine feelings of the vast majority of the people of this country. There is an absolute unreality about the whole procedure of the financial adjustments of the Government of India. The budget procedure and the vote for Demands is a meaningless formula, if not a farce. I say this, because taxation in this country is still almost entirely in the hands of the Executive, and such powers as are said to be invested in the Legislature are nominal, unreal and illusive. Even if the Legislature is inclined to make any change in the Finance Bill or in the Budget the head of the Executive has got an unrestricted power of veto, certification, recommendations and various other things. Therefore it argues that there is absolutely no room for the application of the well-known maxim of "no taxation without representation" or "redress of grievances before voting of supplies to the Government". Therefore it is a mere formality which we are performing, and I wish this House and the country to remember that I say this, for the reason that we here, the Congress men specially, are accused of taking a very unreasonable course in trying to throw out the Finance Bill in its entirety. We are asked, "How do you expect the Government to carry on its functions if you throw out the Finance Bill?" The answer is very simple. The throwing out does not mean anything at all from the point of view of the Government of India; but the throwing out has a very real meaning from the point of view of the people. The Government of India wants to delude not only the people of India, but also the people of the civilized world, into the belief that the Legislature in India has some part in voting the supplies of the Government and in adjusting the financial relations of the Government of India. That is an absolutely incorrect and untrue statement. Therefore what we want to do in opposing the Finance Bill in its entirety is to throw the entire responsibility for the financial administration of this Government on the shoulders of the Executive. We are not to be drawn into the trap of being led into the belief that we are in some way responsible for the financial policy of the Government of India. We are not responsible for that policy and the entire responsibility for that rests on the head of the Executive. That is what we want to demonstrate to the country by throwing out the Finance Bill. Let the claim of the Government of India for administering it wisely or unwisely rest entirely upon the executive branch of the administration, not upon the Legislature. That is what we desire to make clear by our attitude on the Finance Bill. Then Sir, I wish to point out also that we have all the more reason to repeat that process year after year because, even if the Government of India Act does not give us any powers to control the Executive and it continues irresponsible in theory and in practice, at any rate we hoped that the decision of the popular Assembly would have some effect on the mentality of the Executive when the Assembly year after year throws out the Demand under the head of the Executive Council's allowances and the Demand for the Army. These cuts are intended to be the popular expression of the dissatisfaction in the country over the way in which the civil and military affairs of the country are managed. Retrenchment, Indianization, and other reforms were asked for; if at least these were carried out in some substantial measure so as to give some amount of relief to the poor man and some amount of satisfaction to those who demand these reforms, we could at least have been able to say that we were able to influence the decision of the Government, though we could not control or regulate it. In that case, we could have felt that even to that extent we had received some

consideration at the hands of the Government of India. But far from it, Sir, the Government of India continues as irresponsible and as irresponsible as it has been before the Reforms. Therefore we have to continue this process of opposing in its entirety the Finance Bill year after year and show year after year that we are absolutely not responsible for the financial policy of the Government of India.

Then, Sir, I shall say one or two words regarding some branches of the administration. I shall say one word with regard to the revenue policy of the Government of India. Many Members of this House are aware that in India the land tax is levied and collected even to-day, after two centuries of British rule, merely by the Executive without the slightest legal sanction. Though it is one of the biggest items of revenue in India, it is collected by the Executive without the sanction of the Legislature. There is no parallel to this in any civilized country. The Joint Parliamentary Committee saw the absurdity of the position and recommended that as soon as the reforms were put into operation, the Provincial Governments should be helped to enact their land revenue codes and to place the collection and the assessment of land revenue on a statutory basis. That recommendation was made nearly a decade ago and my poor province has struggled hard to place upon the Statute-book a land revenue code. It is due to the persistent obstinacy of the Government of India that that proposal has not been carried out to this day. It is a matter of great dissatisfaction to this country that in spite of the recommendation of the Joint Parliamentary Committee, no province in this country has yet been enabled to pass a land code so as to place the land revenue on a statutory basis. The Government continues to be, and desires to continue to be, a landlord exacting rack-rent from his tenants; that is the theory they are following, and the Government of India is obstructive, and very obstinately obstructive in allowing the provinces to embark upon a policy of legalizing the land revenue. In this matter, then, the Government is entirely irresponsible. Periodic settlements, once in 30 years or so, are made irrespective of the economic condition of the people of this country to bear an additional burden. In my province, the Tanjore district, which is one of the deltaic tracts, was recently sought to be resettled by an all round enhancement of 25 per cent. It is because the people, the *mirasdars*, the law-abiding *mirasdars*, not the politicians of Tanjore, resorted to almost a no-tax campaign that the Government realised the gravity of the situation and climbed down, and the rate was reduced to 18½ per cent. and to this day the question is agitating the minds of the people of Tanjore. In various other parts of my province this land revenue settlement work is going on unchecked without any indication on the part of Government that they are going to settle the provinces hereafter on a legal basis. This policy is responsible for the very low economic condition of the agriculturists. If the Government of India after 200 years of British rule is not able to show that the agriculturist and the poor man in this country is not in a sounder position than he was, I do not think British rule has had any beneficial effects. It is a matter for regret that an Indian of the position of my Honourable friend, Sir Bhupendra Nath Mitra, said that he did not know who the poor man was. It is a pity he did not know. He also made the astounding statement that the wages in this country have risen considerably more in proportion to the cost of living. What is that living, I pray? My friends sitting on the opposite Benches know what living means in England and other countries. The standard of living of the poor man in this country is not considered to be

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fit for even a dog in that country. The poor people here have not even two meals a day, and still the responsible Members of the Government of India assert that wages are higher than the cost of living. At the time, Sir, when the policy of appointing non-official Indians to the Viceroy's Executive Council was advocated, it was understood that the Indian Members would be able to see the Indian conditions and place the matter before the Government of India, and that when they stand in their places in this House and in the other House to justify the policy of the Government of India, they would do so if they are convinced that they are voicing the opinion of the people of this country. When they could not do so, it was expected that they would place their honest opinion before the Government of India, and that then the Secretary of State would have to look into the question whether the view of the Indian Members or that of the European Members of the Executive Council of the Viceroy was to prevail if there was a difference amongst them. That was the intention with which the Indian Members were appointed. That was definitely stated by Sir Sankaran Nair in his evidence before the Joint Parliamentary Committee. We see now, Sir, the Indian Members hardly stand up in their place to justify the major decisions of the Government of India, and the whole position is delegated to their European colleagues, and yet when occasionally an Indian Member does stand up to justify the financial policy of the Government of India, we come across one who does not know who the poor man is and who does not know what his cost of living is. It is, Sir, a sorry spectacle that we see here. All this shows that this formality of passing the Finance Bill and the Budget is ridiculous farce.

Then, Sir, coming to the excise policy, I learnt to my regret when I moved my Resolution regarding prohibition here that the Government of India's angle of vision has not changed in the least. Both the Provincial Governments and the Government of India receive huge revenues from this immoral source of drink which is eating into the vitals of the people of this country, and the tragedy of the situation is that it makes the poor man poorer. But what is it that the Government of India have done and propose to do to eradicate this evil? Every year they are enriching their Budgets by more excise revenue, and there is not the slightest indication on their part that they are going to wipe out this immoral revenue. Even a demand for a modest reform like local option is opposed by the Government of India. With regard to the provinces, as regards the Ministers, they are helpless because of the attitude of their British masters, and I do not blame the Ministers because I think they ought to be pitied. I do not want to hit them more than is necessary, because, as I say, they are to be pitied more than to be hit.

Then with regard to the military administration of this country, I think the Assembly was crying itself hoarse over retrenchment and Indianization, and what has been the response? Nil. A Committee like the Territorial Force Committee has reported, and no action is taken upon it; and then with regard to the Skea Committee's Report, even that report is not even now published. The army experts in England are doctoring it and we do not know in what form and shape it would reach the Government of India, when the Government of India would formulate their proposals, and when those proposals would come before the country. But when it is a question of the pay and allowances and pensions of the heaven-born services which are concerned, Lee Commissions and the like come out

notwithstanding the Assembly voting against the expenditure on them, work with very great rapidity, report their recommendations. The reports are quickly considered and their recommendations are placed before the Secretary of State even before they are published here, proposals are formulated even with retrospective effect and carried into effect immediately, with back pay and back pension. That is the way in which, Sir, this policy is being carried on. I cannot call it a policy which is for the benefit of India, I can only characterise it as a policy of exploitation, intended purely for the benefit of the ruling class and the vested interests in whom they are interested. There are, Sir, very many other branches of administration to which I can allude, but I will keep my promise to you that I do not wish to detain this House long. The tale of misdeeds of the Government of India is so long that even if you give me a whole day it will not be possible for me to finish it.

I will only repeat once more that I oppose this Finance Bill, that I oppose this motion, to show that we entirely dissociate ourselves from any responsibility for the financial administration of this country, and place the whole responsibility upon the Executive's shoulders and make them responsible to the people, because they pretend that they are responsible only to Parliament and the people and they are not responsible to the Legislature. There is no use telling us that the Legislature did this or that. We have done nothing of the sort; it is the Executive Government that is doing it and takes the full responsibility for it.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, I do not desire to detain the House at any length of time or to deal much with the finance contained in this Finance Bill. My object is to say a few words in reply to what the Honourable Member who has just spoken had to say about his part in what he described as this formality of dealing with the Finance Bill in which he is now engaging himself. I find it very difficult to understand the pathetic desire of the Honourable Member and those who think like him for irresponsibility. They clamoured for years for a share of responsibility. They were given a certain responsibility, not full responsibility, but a certain responsibility by the Government of India Act of 1919, and they take pathetic delight in getting up and saying that they do not want that responsibility, they do not want it and they repudiate it.

THE HONOURABLE SIR MANECKJI BYRAMJI DADABHOY: Then why are they here?

THE HONOURABLE SIR BASIL BLACKETT: I was wondering why they were here.

The Honourable Member has this morning voted for his view in regard to one or two matters and thereby exercised at any rate a certain amount of responsibility, but I would like to draw his attention to the fact that he is taking part at the moment in a very responsible decision. The Government of India Act, it is perfectly true, leaves to the Governor General the power to take a certain action without the full assent of both Houses of the Legislature if he regards it as essential in the interests of India, but the Government of India Act does not give power to the Governor General to overrule the decision of the Legislature on a matter where he cannot say that he regards it as essential for the interests of India, although he may regard it as extremely desirable for the interests of India that he

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should get rid, for example, of provincial contributions this year. It is the view of the Government of India that it is most desirable that we should get rid of provincial contributions this year and that in view of the present financial situation it is better to maintain the salt tax at its present level and not to tax the provincial tax-payer to make up the difference. Certain Members of this House including Mr. Pantulu want to tax the provincial tax-payer and to reduce the salt tax. The majority of this House have taken the other view. In coming to a decision, this House, as part of a responsible Legislature, will have taken a decision where the responsibility of that Legislature will be absolute. Either the salt tax will be maintained at the present level by the consent of both Houses of the Legislature or provincial tax-payers will be taxed to make up the difference; and that decision is a decision that is absolutely in the hands of the Legislature of this country. Is it not therefore rather pathetic that the Honourable Member should come forward and say "We do not want responsibility and we want to go back to the happy time when we had no responsibility and when we could criticise freely without any possible dangers resulting from our giving our votes?" That is the

THE HONOURABLE MR. V. RAMADAS PANTULU: May I know what you did when you wanted a duty of Rs. 2-8-0 and we did not want Rs. 2-8-0?

THE HONOURABLE SIR BASIL BLACKETT: In that case the position of the Governor General was that in view of the fact that the Budget would otherwise be in deficit it was essential in the interests of India that the higher duty should be imposed. In the current year it is no question of deficit. It is a question whether the central tax-payer through the salt tax or the provincial tax-payer through provincial taxation should make up a sum of about Rs. 3 crores and it is an absolutely responsible decision which has to be taken by this Legislature as to which of these two courses is to be taken. I say, therefore, that it is rather pathetic that the Honourable Member should come here and say, "For goodness' sake do not make us responsible."

THE HONOURABLE SETH GOVIND DAS: On a point of personal explanation, it is

THE HONOURABLE SIR BASIL BLACKETT: I have listened to the Honourable Member and his colleagues in another place at some length and I am entitled to say a few words in reply. I was interested the other day in a debate in another place to hear one Honourable Member getting up and saying that he would have been very much happier if he had never learnt English, then he would have had none of the aspirations of taking part in politics, etc.; and that he would have been happy in his village and would have been governed beautifully by an autocratic Government and in every way he would have been happy. I am not quite sure that the Honourable Member would really have been happy. This is the difficulty of the present situation. The British people and those who represent them in this country and the British Parliament in passing the Government of India Act came to the conclusion that they were not satisfied to leave the Honourable Member pathetically content with an autocratic Government imposed from outside for ever and ever, that the responsibility

which God and history had placed upon the British nation made it absolutely essential that it should try and associate Indians with the Government of India with a view to the development of responsible self-government. I dare say that for the moment a great many of us would be happier if we did not occasionally have to take this responsibility. But I do suggest that the Honourable Mr. Pantulu and his friends should not pathetically disclaim the desire for responsibility but should join the rest of their country men with whom they are sitting in this House and in the other House in the advancement of the time when their responsibility will be larger and the aspirations both of India and of the British Parliament will lead to larger results.

THE HONOURABLE THE PRESIDENT: The question is :

“ That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly and as amended by the Council of State, be passed.”

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In view of the fact that the Council has made an amendment in the Finance Bill it will be necessary for the Council to remain in Session until it is known what happens to the Bill in another place. There is one item of business for to-day. In view of the lateness of the hour for adjournment, I am suggesting, if the Honourable the Leader of the House has no objection, that that item should be taken at our next meeting.

The Council then adjourned till Eleven of the Clock on Tuesday, the 29th March, 1927.
