

16th March, 1926

THE

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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## FOURTH SESSION

OF THE

## SECOND LEGISLATIVE ASSEMBLY, 1926



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# LEGISLATIVE ASSEMBLY.

Tuesday, 16th March, 1926.

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

## MEMBER SWORN :

Mr. William Stenhouse Lamb, M.L.A. (Burma: European).

## QUESTIONS AND ANSWERS.

SUPPRESSION OF QUESTIONS SENT BY SRIJUT SATYENDRA CHANDRA MITTER, M.L.C., A DETENU IN MANDALAY JAIL, FOR ANSWER IN THE BENGAL LEGISLATIVE COUNCIL.

1287. \***Mr. Gaya Prasad Singh:** (a) Will the Government be pleased to inquire if it is a fact that Srijut Satyendra Chandra Mitter, M.L.C., a detenu in Mandalay Jail, sent some questions to be answered by the Government of Bengal in the Bengal Legislative Council and that the questions were suppressed?

(b) If so, were the questions suppressed by the Burma Jail officials or by whom and why?

**The Honourable Sir Alexander Muddiman:** Government have no information.

## THE WOMEN'S MEDICAL SERVICE.

1288. \***Mr. C. Duraiswami Aiyangar:** Will the Government be pleased to state:

(a) How many of the appointments in the Women's Medical Service are held by women with British qualifications and how many of these are Indians?

(b) Is it a fact that Indian ladies with British qualifications have no chance of being recruited to the Service either in England or in India?

(c) Is there any proportion fixed for recruitment to the Service in England and India?

## TRANSFER OF DR. THUNGAMMA OF THE WOMEN'S MEDICAL SERVICE FROM BENARES TO JUBBULPORE.

1289. \***Mr. C. Duraiswami Aiyangar:** (a) Is it a fact that one Dr. Thungamma, W.M.S., F.R.C.S. (Edin.), was transferred to seven stations within a period of two years?

(b) Is it a fact that she is now under orders for transfer from Benares to Jubbulpore?

(c) Is it a fact that the Local Dufferin Committee, the Municipal Board and a deputation of leading men protested against the transfer?

(d) Will the Government be pleased to state what the final order is in this matter?

**Mr. J. W. Shore:** I propose to reply to questions Nos. 1288 and 1289 together. The Honourable Member is referred to my reply given to his question No. 1217 on 12th March. Government have no further information to give.

APPLICABILITY OF THE SPECIAL LEAVE RULES TO ALL GOVERNMENT  
SERVANTS OF NON-ASIATIC DOMICILE.

1290. **\*Mr. Amar Nath Dutt:** Is it a fact that since the introduction of the Fundamental Rules, the privilege of special leave ruler has been made applicable to all Government servants of non-Asiatic domicile only, irrespective of their pay and status? If so, will the Government be pleased to state whether this has resulted in increased expenditure from the Indian revenues?

APPLICABILITY OF THE SPECIAL LEAVE RULES TO ALL GOVERNMENT  
SERVANTS OF NON-ASIATIC DOMICILE.

1291. **\*Mr. Amar Nath Dutt:** Is it a fact that prior to the introduction of the Fundamental Rules the benefit of the European Service Rules was given to Government servants of higher status irrespective of domicile? If so, will the Government be pleased to state the reasons for:

- (a) admitting Government servants of non-Asiatic domicile belonging to the subordinate services to the special leave rules?
- (b) depriving Government servants of Asiatic domicile, belonging to superior services, of the benefits of special leave rules?

**The Honourable Sir Alexander Muddiman:** With your permission I propose to answer questions Nos. 1290 and 1291 in a single reply. The original basis of discrimination between the European and Indian Service Leave Rules was the country of recruitment. This criterion was, however, to some extent abandoned when it was decided to extend the European Service Rules to officers of various services who drew pay in excess of a certain amount, usually Rs. 800. The basis of discrimination between the special and ordinary leave rules, which have now replaced the European and Indian service leave rules, is one of domicile. The justification of this discrimination is that public servants employed in the country of their origin do not require so liberal an allowance of leave as those serving many thousands of miles from their homes in a climate to which they are not accustomed and which is trying to their health. It is possible that the adoption of this new basis of discrimination will entail some extra expenditure for a few years but with the curtailment of European recruitment and the adoption of the policy of increased Indianization of the services the new basis of discrimination is undoubtedly to the advantage of Indian revenues and will ultimately result in less rather than greater expenditure.

GRIEVANCES OF POSTAL INSPECTORS.

1292. **\*Mr. Gaya Prasad Singh:** Has the attention of the Government been drawn to the article that appeared in the *Forward* on the 25th February, 1926, at page 11 under head "Grievances of Postal Employees", and are the facts stated therein correct? If so, will the Government be pleased to state if they propose to remove the grievances of the Postal Inspectors?

**The Honourable Sir Bhupendra Nath Mitra:** The Honourable Member's attention is drawn to the reply given to Mr. Devaki Prasad Sinha's starred question No. 1282 on the 15th March, 1926.

UNSTARRED QUESTIONS AND ANSWERS.

MANUFACTURE OF INDIAN PAPER.

232. **Rao Bahadur M. C. Naidu:** Will the Government please state whether Indian paper can be manufactured at rates cheaper and of a quality equal to the imported article?

(This question was asked in September, 1924, and the reply then given was to await the result of the deliberations of the Tariff Board.)

**The Honourable Sir Bhupendra Nath Mitra:** It depends upon the paper. Generally speaking, in consequence of the duties recently imposed, all those kinds of paper which are extensively used, with the exception of papers containing a high percentage of mechanical wood pulp, can be manufactured in India at rates and of a quality which compare favourably with the imported article.

EXEMPTION FROM ATTACHMENT BY CIVIL COURTS OF THE SALARIES OF WARRANT OFFICERS.

233. **Rao Bahadur M. C. Naidu:** Is it a fact that the salaries of warrant officers and others of similar rank are exempt from attachment by civil courts under the provisions of section 120 of the Indian Army Act, whereas the salaries of commissioned British officers are not so exempt? Do the Government intend taking steps to remove this distinction?

**Mr. E. Burdon:** Yes, Sir. The pay of persons of this class, who are subject to the Indian Army Act, is exempt from attachment by civil courts under the section of the Act referred to by the Honourable Member. The pay of those who are subject to the British Army Act is similarly exempt under sections 136 and 144, proviso (1) of that Act and paragraph 281, Army Regulations, India, Volume II. The salaries of King's commissioned officers are not exempt.

The answer to the second part of the question is in the negative.

RESULT OF THE ELECTION TO THE PANEL OF THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

**Mr. President:** I have to announce that the following Members have been elected to the panel of the Central Advisory Council for Railways:

Sir Hari Singh Gour,  
Lieutenant-Colonel H. A. J. Gidney,  
Mr. S. C. Ghose,  
Captain Ajab Khan,  
Haji S. A. K. Jeelani,  
Mr. W. S. J. Willson,  
Mr. K. V. Reddi, and  
Rai Bahadur Raj Narain.

## THE INDIAN FINANCE BILL.

**Mr. President:** The House will now proceed to consider the Finance Bill, clause by clause. The question is:

“That clause 2 do stand part of the Bill.”

**Mr. Mahmood Schamnad Sahib Bahadur** (West Coast and Nilgiris: Muhammadan): Sir, I move:

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

This question, Sir, has been discussed year after year for the last four or five years and the arguments both in favour of and against have become old and worn out, so much so, that they will look stale to the Members or to those of us at least who were in the first Assembly. As the House might be, I presume, familiar with most of the arguments, the best thing I think will be to put the question and divide the House, thereby showing to the Government the continuous and insistent demand of the people and the necessity for it, and showing also to the country the stubbornness of the Government. Therefore, I shall only offer a few remarks so that other Members who have given notice of amendments may speak if they have any new observations to make; they might have got figures and facts to prove that the raising of the salt tax proportionately decreases the consumption of salt. That means that many poor people are prevented from eating salt at all, which with the Muhammadans is a religious duty. The Muhammadans are enjoined by their religion to take salt at the beginning and end of each meal. Therefore this will amount to interference with their religious practices. (Laughter.) Moreover, poor people in India take their food, however scanty it may be, with only salt, especially their morning meals. They cannot afford to have well-seasoned curries or meat or any such thing. It is difficult, therefore, for them to eat their food without even salt. In India cattle also are accustomed to take salt; they do not take water or any such thing without salt; so by this tax you are depriving not only the poor people but also the dumb animals and the cow, which is generally considered very sacred by the Hindus, of their salt. One plea of the Government is that they cannot afford to lose this big revenue and therefore some substitute must be found for it. But I say it is not our business to find that out. How did they find money to make provision for increased expenditure on account of the Lee Commission's Report? They are spending large amounts of money even where it is not necessary, such as the Andamans. (Laughter.) It has been shown that by reduction of salt duty, its consumption increases; therefore the Government income also increases; so what is lost can be partly made up by increased revenue. Of course I am not going to give figures. My Honourable friend, Mr Rama Aiyangar, will do justice to it; he will be a match for the Honourable the Finance Member in the matter of figures. (*Khan Bahadur W. M. Hussanally*: “He is not here.”) As has been pointed out by several Members, it is not necessary to make any provision for an archæological fund or any such thing. Nothing is lost by delaying such things. When the poor people are starving, we should not embark on luxuries such as archæological excavations and so on. This year is not like former years. We have got an assured surplus and a steady financial foundation.

Another plea of the Government is that every man must contribute to the general finances of the country and that the poor do not pay any other

tax. This is wrong. The poor man is indirectly contributing in every other tax. Besides, it is only those who can maintain themselves that ought to be taxed. The poor man has not got sufficient even to maintain himself. So it is cruelty to tax the poor man. Moreover, the poor man does not require so much protection of the police or any such thing as the rich man. This tax, moreover, amounts practically to a poll tax, and poll tax has always been hated as being unpopular in India even in pre-British days. The cost of producing one maund of salt is less than two annas, but you levy a tax at the rate of Rs. 1-4-0 a maund. What justification is there for this disproportionate tax? Professor Fawcett has said rightly that man's right to eat salt must be as free as his right to drink water or to breathe air. With these words, Sir, I place my amendment before the House.

**Dr. K. G. Lohokare** (Bombay Central Division: Non-Muhammadan Rural): Sir, the amendment that stands in my name reads thus:

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

Sir, there is no question that a reduction in duty increases consumption, and in the case of India, looking to the total consumption of salt to-day, we find that the consumption per head falls short of what is said to be a healthy standard. We have in the Taxation Inquiry Committee's Report a statement at page 135 showing the quantity of salt allowed to convicts in jails. In Bombay, the United Provinces, the Punjab and Burma, the average allowance for each convict is about 12 lbs. annually, while in the case of other provinces it is something like 18 lbs. The total consumption of salt in this country comes to an average per head of not more than 8 to 9 lbs. If convicts in jails require with the sort of dietary that is prescribed for them not less than 12 lbs. a day (*An Honourable Member*: "A day?"), I mean per annum,—thank you for the correction—if they require 12 lbs. of salt per annum per head, free men ought necessarily to have a far more liberal allowance for the dietary which they usually take. (*An Honourable Member*: "No, no.") Yes, my friend presupposes that everybody is in jail. If the whole Indian nation is to be considered in jail, then my Honourable friend's views can very well hold good. But as we are here so far free to eat at least what we choose, I see nothing in my friend jeering at that idea, and, as long as human beings have a taste for a variety of diet, the allowance of salt each man should have come to not less than 18 to 20 lbs. per head. There is thus a need—an urgent need for expansion of consumption of salt in India at the present time. Besides, Sir, the cattle that we have in India require some salt at least. In many provinces the cattle are fed with an ounce to two ounces of salt a day. If we consider this amount and the quantity of salt consumed for industrial purposes and calculate the average consumption per head, we will find that the average consumption per head of the Indian population is less than 8 lbs. per year. It means, Sir, that there is decidedly a great need for expansion of the consumption of salt in this country. If, therefore, the duty on salt is reduced to twelve annas, that is, if it is brought down to three-fifths, the consumption will increase at least by 50 per cent. This will give a revenue of nearly 9/10th of the present amount. (*An Honourable Member*: "Question.") My friend refuses to believe that figure, and I am afraid the most cautious figure that we could take as the minimum would be above 8/10ths, while the remaining loss in revenue

[Dr. K. G. Lohokare.]

can be made up by increasing the import duty on salt. That will make up for any loss in revenue that may occur by reducing the duty on indigenous salt to twelve annas. Sir, some people may find fault with me for suggesting an increase in the import duty on salt, but, Sir, since there are hindrances in the way of supplying Bengal with the salt which is produced in India, I do not know why we should not put more duty on imported salt which is brought into India for consumption by a certain class of people. Ordinary people do not require that kind of foreign salt, for the sake of its fineness of appearance, and if at all some persons choose to have that for its fine appearance alone, they can very well afford to pay for that luxury, since articles of luxury must be taxed more than the ordinary article. The case of poor people who require salt in large quantities is more to be attended to, and the consideration of a finer variety should not stand in their way. If some people want to use a fine variety of salt, they must pay a little more. Therefore, Sir, the revenue will not suffer at all by reducing the duty on salt from Rs. 1-4-0 to Rs. 0-12-0, and by imposing an extra duty on imported salt; while the imperative need of a freer supply of salt to poor men and cattle this country will be met without any loss of revenue. In view of these observations I think, Sir, the department will give their earnest consideration to the proposal put forward and agree with all reasonableness to the reduction of the salt duty.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Sir, I gave notice of a motion for the reduction of the salt duty. It reads as follows:

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

It is a fact, Sir, that last year when a similar discussion was carried on in this Assembly and when this House at first reduced the duty to one rupee per maund, it was, Sir, in the Upper Chamber, with which the Government are really happy because it is composed of august Members, the elders, who are intellectually advanced as the Government may say, though as a matter of fact the Government forget that we Members in this Chamber have got a majority of elected Members and perhaps a little better ideas as well,—it was in the other Chamber, Sir, that the salt duty was again restored to Rs. 1-4-0. But the country has already said that the other House is not really representative, that it has not got a majority of elected Members there, and that is why Government by hook or by crook are always able to carry their own motions, that is why they are always successful there, and that they are not successful in this Assembly, as most Members know. Unfortunately the Swarajists, Sir, who are 46 in number, walked out the other day from this Chamber, and if they were here to-day not only would this motion of mine for the reduction of the salt duty from Rs. 1-4-0 to Rs. 1-0-0 have been carried, but perhaps even the motion of my Honourable friend from Madras to reduce the duty on salt to eight annas would have been successful. But it is a pity that they did not wait because they gave you reasons before they walked out. They have got their own reasons. I wish they were present here to-day, Sir, because in that case not only could we have effected a reduction in post-cards, but even the price of envelopes would have been reduced to the pre-war rate which we had been paying all along before 1922-23. The discussion of the Resolution regarding reduction of the postal rates was



put off because of the trick played by some Members of the Swarajist camp—particularly Mr. Chaman Lal who objected to the Resolution because it came up for discussion in the name of my Assam friend Mr. Ahmad Ali Khan. It was my Resolution, Sir, and I welcomed it. (Laughter.) I am not in a laughing mood to-day when I consider these matters. The country is not in a laughing mood. It may be that Members on the other side of the House are laughing because they get their loaves and fishes at the cost of the country and all the demands of the Budget were passed without a comma or a full stop being omitted. What happened on that day when a discussion was proceeding on the motion of Mr. Jinnah to omit Demand No. 28—"Executive Council"? What happened then?

**The Honourable Sir Basil Blackett** (Finance Member): What has that got to do with salt?

**Mr. K. Ahmed:** The Honourable the Finance Member cannot take objection. It is not surprising that they raise these points of order just now, because it has been very hard for them to meet our arguments. Sir, if the Swarajists were present, don't you think that Mr. Jinnah's motion would have been successful omitting the grant of that figure of so many lakhs? (*An Honourable Member:* "So many thousands.")

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): You did not vote with Mr. Jinnah.

**Mr. K. Ahmed:** If you subtract your number, your "26 machines", as my Honourable friend Mr. Mohamed Ali Jinnah said, out of the 47 votes, how many do you get? Much less than 81 votes which the Independents had secured.

**Maulvi Muhammad Yakub:** Why did you not vote with Mr. Jinnah? Where were you then?

**Mr. K. Ahmed:** Never mind where I was, let us come to the point. 46 Members have gone out of this Assembly. (Hear, hear, from the Government Benches.) It does not lie in the mouth of the other side to say "Hear, hear." My Honourable friend Mr. Bipin Chandra Pal is here. He was saying the other day that this was a widowed House. That is what it is. Now the Government are cheering so much. This motion, this debate, should have been adjourned and the business on the agenda of to-day should not have been carried on until you had 46 persons elected in the place of the Swarajists who have walked out. (*An Honourable Member:* "In time.") In time? Wait. Perhaps your salaries will not be voted. They will be kept deposited you know and you will get them with 5 per cent. interest later on. Allow me to speak about the question. If you trouble me, you will make matters more complicated and you will be bringing trouble on yourself. So, better allow me to go on with the matter in question.

Now, Sir, my motion with regard to the reduction of the salt duty from Rs. 1-4-0 to Re. 1-0-0 is very reasonable. I have not suggested that it should be reduced to 8 annas or 12 annas. What I have said is that it ought to be reduced from Rs. 1-4-0 to Re. 1. Last year, in this House, it was carried by a majority that the duty should be reduced from Rs. 1-4-0 to Re. 1, but those elderly gentlemen of the Upper Chamber—as you

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know there is not a majority there and so the Government were successful—increased the duty to Rs. 1-4-0, that is to say, to the same rate as it is now. But the grievances of the people are not over, Sir, and as their representatives, we are moving this reduction. My motion is that it should be reduced to Re. 1. That is not unreasonable. My Honourable friend was discussing this matter outside the Assembly and some people said on behalf of Government that a reduction from Rs. 1-4-0 to Re. 1 would mean a loss of about Rs. 60 lakhs. But, Sir, if you will allow me to make a speech showing the justification for the reduction, you will find that it would not be Rs. 60 lakhs or any such big amount, because the consumption of salt will be much more if you reduce the tax from Rs. 1-4-0 to Re. 1.

Now, Sir, in urging the attention of this House and the Government to consider the feeling of the people with regard to this duty, I must remind them that it is a poll tax. A tax on salt means a tax on the necessaries of life, that is to say, it is a tax on poor people. The Committee of my Honourable friend sitting on my left has said that this is a tax which should not be imposed, because it is on the consumption of the ordinary poor people. Taxing foods is not proper for the Government. The condition of the country is such, Sir, that the people cannot pay high taxes any more. The condition of the people is not in any way better, and it is high time that the Government must meet the wishes of the people of the country. The dumb millions and the mute agriculturists in the villages cannot spend money and pay the present rate of duty in purchasing salt. These are absolutely necessary for the consumption of poor people. Salt is used as manure and for cattle and without it the agriculturist cannot prosper in this country. Everybody knows that the agriculturists in this country are about more than 85 per cent. of the people of India.

Now, Sir, about the salt duty. In the pre-war days, *i.e.*, before 1914, when the salt duty was at the rate of one rupee per maund, the consumption of the country was  $5\frac{1}{2}$  crores of maunds. When the tax was raised from Re. 1 to Rs. 1-4-0 the consumption became 40 lakhs of maunds less. When it was raised from Rs. 1-4-0 to Rs. 2-8-0 the consumption became  $4\frac{1}{2}$  crores of maunds, that is to say, about one crore of maunds less than when the tax was at Re. 1. Then again, when the tax came down to from Rs. 2-8-0 to Rs. 1-4-0 the consumption became  $5\frac{1}{2}$  crores. The Honourable Members of this Assembly quite realise that the population of this country is at present larger than it was in the pre-war days when  $5\frac{1}{2}$  crores of maunds of salt were sold at the rate of one rupee per maund. And it is therefore evident that if the duty on salt is reduced to Re. 1 from Rs. 1-4-0, the consumption will increase, and thereby neither the revenue of the country will suffer nor will the Finance Member have much to grumble at.

Last year, Sir, when the Finance Bill, or a Bill to fix the duty on salt, came up for further consideration after the Bill was returned from the Council of State as that Upper Chamber, Sir, as I have already said, modified the rate of salt duty passed by this House at Re. 1 and raised it to Rs. 1-4-0, the Honourable the Finance Member on the floor of the House said that the choice of this House lay between a reduction of the provincial contribution and reduction of the salt tax as there was going to be a deficit in the current year's expenditure. This year we have got

a very small sum for the reduction of provincial contributions and as a matter of fact Bombay, Bengal and the United Provinces have not got any remission whatever. (*An Honourable Member*: "The United Provinces has.") The remission is not so much as it was in years gone by. After passing all the Demand and nearly the whole of the Budget a majority of the House thought that the argument of the Honourable the Finance Member was right. We thought that there would have been some alternative placed before us to deal with the situation and but for that the House would not have passed it. No doubt, if there were no remissions in provincial contributions the nation-building departments in our provinces would have had no money to pursue their objects. This year we have a surplus of Rs. 8.05 crores after remitting the provincial contributions to some provinces. It is therefore absolutely necessary that instead of spending the surplus lavishly on archaeological excavations and other matters which my Honourable friend from Madras has mentioned, the Honourable the Finance Member should make up his mind to reduce the duty on salt. This is more urgent than those things recommended by the Honourable the Finance Member while introducing the Budget. I hope I have made out a very strong case and that the Government have no reply: if they have any, I am sure they will give it. I appeal to every Member of this House including the European Members, the nominated Members and those on the Government Benches to vote with me in the same lobby remembering the fact that 46 of them have already deserted you. (*An Honourable Member interrupted*). You sit here as a nominated Member from year to year throughout the whole period of your life and vote with Government in season and out of season. I had better not twist the tail of Government any more if they are reasonable now. There is a surplus of Rs. 3 crores and odd before you and the people of the country do not like that you should spend that amount on luxuries without their permission, without consulting them and giving them an opportunity to give their views on the matter. We do not want archaeology. We do not want that lavish expenditure of yours on excavations. The money belongs to the country and the country must have a voice in the spending of it. If you do not allow them to do it, do whatever you like. The Taxation Inquiry Committee has already said that the salt tax is a poll tax and duties should not be imposed on the ordinary necessities of life. How far are the ordinary necessities of life obtained from archaeology! If a man dies for want of food the Honourable the Finance Member will excavate and dig ruins, raise an architecture and then bring Mr. North, or Mr. South or Mr. East or West and squander the people's money in digging it. But he will not find ways and means to give a little more salt to the people. Sir, the Government will not accept the reduction—the Honourable the Finance Member has already left the House because he feels very awkward, his position is very delicate. (*An Honourable Member interrupted*.) My Honourable friend may go on talking at the top of his voice. He laughs when he ought to cry. I am hopeless. (*An Honourable Member*: "Yes, you are hopeless.") This Honourable Member is going to show his ignorance, he is lacking in—what shall I say,—he does not eat salt. I am not going to make any more remarks but to say that you should reduce the tax from Rs. 1-4-0 to Re. 1. If you squander the money on archaeology or excavations you will really be treating the people of India very badly. What is the difficulty in your way? Instead of excavating or doing anything of that kind, reduce the

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duty on salt from Rs. 1-4-0 to Re. 1. Don't curse me because I differ from you. If you do not mend matters, if you do not realise the situation, well I shall be sorry. The laughter of my Honourable friend will have gone in the beginning of next year when the Swarajists, as they say, will come in greater numbers. There is a proverb, "Don't laugh because you will have to cry." Even if we all do not come back to the next Assembly I shall have, I hope, the opportunity of looking at your faces from the gallery. But instead of that let me ask you if you allow me to proceed—an appeal does not lie to such hard, stony hearts. If the salt tax is reduced we shall be able to meet our constituency and say that even after the Swarajists deserted us we were able to convert the Government to our views. My Honourable friend Mr. Rangachariar since he was outcasted on the 8th March last will also relish it because he will be able to tell his constituency about the reduction of the salt duty. My Honourable friend Mr. Jinnah, who was badly defeated the other day, is now smoking a cigar in the Library outside and if you don't listen he will throw away his cigar and never come.

**Mr. President:** Order, order. The Honourable Member must confine himself to the merits of the question.

**Mr. K. Ahmed:** I commend my motion for the acceptance of Honourable Members. I know, Sir, the non-officials, *i.e.*, we the elected Members, have not got the majority. I ask the nominated non-official Members to remember that they will have to go to the village. Europeans live in beautiful houses and drive motor cars in the town and say, "*Farak jao*" to the cart drivers and pedestrians.

**Mr. President:** The Honourable Member must not abuse the privileges of the House.

**Mr. K. Ahmed:** If they come in contact with these poor people, then they will know. As regards my Honourable friend who represents the Anglo-Indians, I know many Anglo-Indians in the city of Calcutta. I have had the honour to come across them and I know them more than the Honourable Member here representing them. I therefore ask him to come into the same lobby with me for the sake of the Anglo-Indians whom he represents and also induce his friend on his left to come over. With these words I move:

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

**Mr. B. Venkatapatiraju** (Ganjam *cum* Vizagapatam: Non-Muhamadan Rural): Sir, after the speeches of my three friends who moved for the reduction of the salt duty to 8 annas, 12 annas and one rupee, I think that each one of them has his own justification for making that motion. My friend Mr. Schammad, when he moved for the reduction to 8 annas, evidently followed the suggestion made by Dr. Paranjpye in the Taxation Committee's Report that in his view it is far better that it should be reduced to 8 annas per maund and therefore his suggestion is not altogether unreasonable when the economic expert chosen by Government have come to that conclusion. My friend Mr. Lohokare's suggestion is also not unusual because there was a time in India when the assessment of the duty on salt stood at 12 annas. My friend Mr. Ahmed's suggestion that it should be reduced to one rupee is also quite correct. It tallies with

my own suggestion, because the Government Members will remember that in the year 1907 it was reduced to one rupee. It was definitely stated on the floor of this House, in the old Council, that, in order to give relief to the poorer section of the Indian population, they wanted to reduce it to one rupee. Later on, after the War, to meet the financial stringency on account of the War, they increased it to Rs. 1-4-0 in the year 1916. It is also necessary for us to see what would be the loss in case any of these suggestions are taken up. My friend Mr. Ahmed has stated it roughly but he is not quite accurate. The income, according to the accounts of 1914-15, is about 7 crores 39 lakhs, but in the revised estimates for 1925-26, they have reduced the figure to 6 crores 40 lakhs. If we were to reduce to 8 annas from 1-4-0, there would be a loss of about 4 crores. Whether our finances would be in a position to reduce to the extent of 4 crores either by reducing the expenditure or meeting the deficiency in other directions, is a problem which requires deep consideration and therefore it is not very easy for us to suggest even to the Finance Member to reduce it by 4 crores. Even if it be 12 annas it will be about 2 crores. If my suggestion to reduce it to Re. 1 is given effect to, it will give encouragement to the salt industry as well as give relief to the poor. In my motion, which I will read at the end of my speech, I add that four annas a maund should be increased on the import duty. I know there are several vested interests which would strenuously oppose any such suggestion but I am hopeful that the Government will not be a party to any such thing, because Sir Basil Blackett has said more than once, in speaking on the various proposals in the House, that not only he but also the Members of the Government of India have only one purpose in view, that is the interest of the country and the interest of India alone. Therefore it cannot be suggested that to safeguard the interest of any other persons they would sacrifice the interest of India. I do not think the Government are putting forth any such argument or would raise any technical plea in order to avoid the difficulty. Perhaps I might remind the Government of India that for a long time the duty on salt manufactured in India was one-half and at times even one-third of the duty imposed on imported salt. If you refer to the history of this duty you will find that the duty imposed on imported salt is gradually decreased while on several occasions the duty on salt manufactured in India is increased in order to make both bear the same duty. Also I do not know for what reason the Government wanted to put an import duty separately in the tariff, so that probably any such suggestion with reference to the Finance Bill might not affect the duty on imported salt. To avoid that difficulty in my motion I make the suggestion that whatever be the provisions in the tariff and notwithstanding any such provisions to the contrary, a reduction should be made on manufactured salt and an increase, if necessary, might be made on salt imported into India either by land or sea. My object is to minimise the deficiency in the Budget, because if my suggestion is adopted, according to my calculation on the revised figures of 1925-26, the deficiency would not be more than 50 lakhs. Therefore I do not see why the Government should not adopt such a course and give relief to the extent of 50 lakhs. Perhaps to anticipate Sir Basil Blackett's objection I might mention, what is possibly passing in his mind is whether on a Finance Bill I can bring in a motion for increasing taxation. I can assure him, as he knows from Parliamentary experience in England, that you can move a reduction in one place under one head and an increase under another in the same head so long as the total reduction would not be in excess of the proposed taxation.

**The Honourable Sir Basil Blackett:** Sir, as the Honourable Member has touched on this point perhaps I might at this stage ask your ruling. I do not dispute at this moment the proposition put forward by the Honourable Member but I would point out that this involves a change in the tariff schedule, an alteration in another Bill not under discussion. I would ask your ruling therefore whether this amendment is in order.

**Mr. President:** Does the Honourable Member suggest that the sum total of the suggestions made by Mr. Raju would go to increase the taxation?

**The Honourable Sir Basil Blackett:** It means increasing taxation on some individuals and reducing it for others. The net result is not an increase of taxation, but the point is that this involves an alteration in the Indian tariff which is not before the House for alteration in this Bill.

**Mr. B. Venkatapatiraju:** I might mention, Sir, with reference to the provisions of several Acts enacted here as well as elsewhere, you will have noticed the provision which I have put in here, namely, "notwithstanding any provisions to the contrary in any other enactment". And my suggestion is simply this, that as we are dealing with the salt duty, I provide that so much shall be levied on salt manufactured in India and so much on salt imported into India from outside, notwithstanding any provisions to the contrary in the tariff law. That is why I have specifically put in those words in my amendment just to avoid the difficulty which Sir Basil Blackett is feeling.

**Diwan Bahadur M. Ramachandra Rao** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): May I ask if a proposal is brought forward which does not increase the total taxation but which means an increase under one head and a decrease under the same head, whether when such proposal does not increase the total taxation it is not in order? I contend, Sir, that such a proposal is in order according to the practice elsewhere.

**The Honourable Sir Basil Blackett:** May I point out that your predecessor on this very point of order a year ago ruled the second part of the amendment to increase the duty, out of order. His ruling is at page 2521 of the debate of the 17th March, 1925.

**Mr. President:** Has the Honourable Member from Madras anything to say on the ruling given by my predecessor on this point?

**Mr. B. Venkatapatiraju:** I submit, Sir, that your predecessor on a previous occasion allowed an amendment raising the postal rates in this House. And, therefore, when there are two inconsistent rulings the Chair has got a perfect right to follow the English practice. It was in 1922, I believe, that Sir Frederick Whyte allowed us to move an increase in the postal rates. Even in the case of the Privy Council decisions, when there are two conflicting decisions, we can follow one or the other.

**Mr. President:** The Honourable Member forgets that an identical amendment by Mr. Rama Aiyangar was ruled out by my predecessor.

**Mr. K. Rama Aiyangar** (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, this question deserves to be reconsidered by you and a decision given. The question is, what is the principle of this Bill. This Bill intends to impose a certain rate of duty, on salt. That

is the principle of the Bill, and every amendment which goes to the principle of the Bill is within the scope of the Bill. The permission of the Viceroy is no doubt necessary in the case of extra taxation. But when this Assembly is seized of the jurisdiction of the principle of the Bill which relates to taxation on salt, the Assembly has got every right to go into the question of any excess that might be levied or any reduction that might be recommended. The question has therefore to be considered by you, and unless the Government can pitch upon any particular rule which prohibits the Assembly, once the principle is committed to it, from taking notice of it, I request that a ruling might be given in favour of the Assembly. I do not think there is any provision except the one provision that the Viceroy's permission is necessary in the event of extra taxation being proposed; and if that is the only thing on which the Government rely, the Viceroy having given permission to put this matter before the Assembly the Assembly becomes seized of it and every suggestion made by the Assembly one way or the other will be within the scope of the Bill.

**Mr. L. Graham** (Secretary, Legislative Department): Sir, I suggest that the question of relevancy taken by the last speaker is wholly irrelevant. We are not concerned now as to whether this amendment is relevant or not. What we are concerned with is whether the amendment requires the sanction of the Governor General or not. Sanction has admittedly not been asked. This is an amendment which increases taxation, which seeks to alter the tariff rates by increasing the rate of duty on salt brought into the country, and I submit that under the provisions of section 67 of the Government of India Act it requires the previous sanction of the Governor General.

**Mr. President:** I notice that an identical amendment was ruled out of order by my predecessor. The amendment proposed to be moved by the Honourable Member from Madras consists of two parts; one applies to salt manufactured in India and the other applies to salt which is imported into India, and the intention of this part of the amendment is to raise the duty on salt imported into India. The questions raised by the two parts are quite distinct and must be treated separately. There is no doubt that the second part is within the scope of the Bill but I am not prepared to say that it is in order. If I were satisfied that the two questions were really parts of one whole question, I should have perhaps ruled the amendment in order. Being not so satisfied I would follow the ruling of my predecessor in the identical case and rule this particular amendment out of order. I must add, however, that this ruling should not be treated as a precedent.

**Mr. B. Venkatapatiraju:** Sir, bowing to the decision of the Chair, I submit that I am still entitled, not to move that motion, but  
 12 Noon. to make suggestions, because when the Government complain that any suggestion of ours reduces the revenue at their disposal to meet the expenditure, and if we put forth any constructive suggestion and if on any technical plea that is not taken up either by the Government or by the Legislative Department, I submit the blame would lie on the shoulders of the Government because we have made a constructive suggestion how to minimise the loss and at the same time give relief to the poor as well as improve the industries of the country; but that does not prevent me from discussing the whole matter. Sir, I might remind the Government that the salt tax was one of those barbarous remnants which were still persisting

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in some countries. In olden days up to the Elizabethan period even a salt tax was imposed in Britain. Subsequently they felt that a thing which is necessary for physical existence, which is as bad as the poll tax, should not continue and therefore they abolished it. I ask, is it necessary, or are our finances in such a hopelessly bad state that unless you take it from the poorest of the poor who cannot escape paying taxation indirectly because nobody can live without salt, you cannot get on? And when you are raising public revenue here or elsewhere to the extent of hundreds of crores, I might say 300 crores, should we still think that it is absolutely necessary for you to maintain this tax at all? As a progressive measure, I suggested, "let us revert to the 1907 position", and I have not asked to go beyond that. I made even another suggestion of realizing one-third of the tax that you are realizing by imposing an additional duty, and it is not now possible, because there used to be a difference between the duty levied in India as well as the duty levied with reference to the salt imported into India. Now I want to suggest: have the Government seriously taken into consideration the reason why there was so much variation in the consumption of salt not only for personal consumption for human beings but for cattle and for industries in several provinces? The largest amount that is consumed is in the Madras Presidency, and it is also largely manufactured in that place. You may notice that according to the Taxation Inquiry Committee's Report, in other countries where perceptibly they do not use so much salt at dinner or breakfast, you find nevertheless in England the consumption is about 40 lbs. per head per annum, in Italy 21 lbs., in France 18 lbs., and in India, on the other hand, in the Madras Presidency you have 18 lbs. and in all other parts even down to 11, 7 or 8 lbs. per head. When you want about 40 lbs. per head in England whereas in India you can manufacture, if you think it necessary, any quantity in India instead of giving up lands which were brought under cultivation, I ask, what is the necessity for putting a heavy duty on salt manufactured in this country? What are the reasons that must have guided the Indian Government to put forth the reduction to Re. 1 in 1907? How are we different in the year 1926 so that we may not ask in these days of peace that we should revert to that taxation? The only answer that will always be made is that "It is true, as suggested even by the Taxation Inquiry Committee, that it is a measure like the poll tax which ought to be avoided, but we cannot otherwise meet our expenditure; therefore, we want to keep it at a high level". Why not take the other courses of increasing your revenues and reducing this tax on the poorest of the poor?

**The Honourable Sir Basil Blackett:** Because it is a better tax.

**Mr. B. Venkatapatiraju:** Yes, it is a better tax for persons who are drawing ample salaries, but have they ever considered the persons who have no hearths to live in, who have no clothing to wear and who have not enough to eat? Have they ever considered them? Do you ever think that it is absolutely necessary to carry on this top heavy costly administration by unduly taxing the poor? Why should you not suggest any other method? Is the statesmanship of the Government of India or their officers so bankrupt as not to be able to suggest any other course for raising even 50 lakhs? I say, Sir, it is hardly fair to the financial genius of Sir Basil Blackett; but he knows perfectly well that it is an easy course because there are the forgotten many who never complain, whose voice is never heard and who



cannot appeal to Sir Basil Blackett or to the Government of India, while the Government are playing the part of "Lady Bountiful" to the superior services. But he must realize that on account of the taxation being at Rs. 1-4-0 a sufficient quantity of salt is not given to cattle. Is he going to make any provision for the reduction of the tax in the case of salt supplied to cattle? Is there any provision made for supplying salt to the industries? I know the only industry in the case of which the duty is lower is Fisheries and also for refineries, but in other respects I do not find anywhere any intention on the part of the Government to provide means of relief for helping the people to use it in the necessary quantities for cattle and industries; and I suggest, Sir, that half of the unsatisfactory and unhealthy state of the people as well as of the cattle is due to not utilizing enough of salt. I would appeal to Sir Basil Blackett to explain the fact that in England they want 40 lbs. of salt whereas one-fourth of this quantity is believed enough for India. There must be something wrong somewhere. I do not think that Sir Basil Blackett would suggest that any large quantity of salt is used for industrial purposes in England but he cannot deny that the people are not using it in as large a quantity as is necessary for the cattle in India. However, I do not wish to prolong the discussion, but I would urge that if the Government are not prepared to bring the amendment of the Tariff Bill under the ruling of the Chair so as to increase the duty on imported salt, it lies with them to find other means; but for my part I would suggest the reduction to one rupee.

Before I sit down I would suggest the difficulties pointed out by the Administration Report of Madras for the years 1924 and 1925—and you will find it on page 5—how Madras is unable to export salt to Bengal in any large quantity as she used to do, for the reasons mentioned therein. The same reasons are adopted and accepted in the Taxation Inquiry Committee's Report. What is stated here is:

"Since 1918-19 Madras salt has found its way into Bengal in considerable quantities only when for some reason or other shipping from the West has not been regular. Thus, in 1921-22, when shipping was curtailed owing to the coal strike in England, six lakhs of maunds of Madras salt were exported to Calcutta. In the next year only four lakhs of maunds were sent and in 1923-24 there were no exports at all. During the year under report a quantity of 10,000 maunds only was consigned to Calcutta . . . . It has been ascertained from the merchant that the freight per maund of salt was annas 6, that the salt did not find a ready market in Calcutta and that consequently it took about five months to clear the stock."

They say:

"It was considered that the export rules were unnecessarily rigid in some respects and that their revision might encourage the export of Madras salt to Bengal. The rules were accordingly revised last year. Under the revised rules salt may be transported in sailing vessels and the limit of wastage was enhanced to 5 per cent. of the quantity shipped. There is no indication that these modifications have been sufficient to encourage export to Calcutta and it is clear that the main obstacle to the export of Madras salt to Bengal is the cost of freight both by land and sea as compared with the cost of freight to Calcutta from the West, which is very low, as salt is very largely imported at ballast rates."

That was the view of the Madras Administration. Similarly also with reference to Bombay. When we are exporting several lakhs of maunds, facilities should be given. One complaint was also brought forward here on a previous occasion when this question was discussed by Sir Gordon Fraser with reference to the facilities given to bonded salt over the imported salt from the West; facilities might be given by opening a larger number of places and there might be less rigidity of rules,—in order to provide that the duty

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might be levied only when salt was actually sold. Similarly they suggested that railway freight should be conveniently reduced in order to provide facility for export of salt from Madras to other places; and if Bengal is in need of refined salt, a large quantity is being manufactured in Bombay and Government might help in starting similar refineries in other places. Even for the refined taste of Bengal, what it likes can be manufactured from the indigenous salt. For all these reasons, Sir, I would ask the House, whatever be its position, to press for a division that the duty should at least be reduced to Re. 1 if they are not able to reduce it to 12 annas or 8 annas at the present moment; and if necessary we may leave it to Government to bring in such an amendment of the Tariff Act in order to recover a large portion by increasing the duty on salt imported into India.

**The Honourable Sir Basil Blackett:** Sir, I know it is the religious duty of Members of this House to bring forward motions of this sort year by year. The last speaker asked me if we were so bankrupt of suggestions as not to be able to devise some better means of raising the money required. I would ask this House if they are so bankrupt in statesmanship that they must go on year after year pressing for the reduction of a tax which they recognise is on the whole a good tax and the desire to reduce which is simply an echo of an old electioneering cry which has lost all its force. (*Mr. B. Venkatapatiraju:* "Bureaucratic reply.") This is a political cry and not a financial one at all. The report of the Taxation Inquiry Committee shows that whatever alteration in our taxation system may be required the earliest is certainly not a reduction of the duty on salt; and I would go further. What is the use, when we have got provincial contributions at 5 crores still outstanding, of coming forward and asking for a reduction of the salt tax? At a time when those contributions are still outstanding, the effect of giving up a revenue of this sort must necessarily be to postpone the date at which these contributions are reduced. The tax now stands at the same rate as in 1921 when the Meston Settlement was framed and I think it was pointed out by Diwan Bahadur Rangachariar a year ago that it is not playing fair with the provinces to suggest a reduction of this tax while those contributions are still outstanding. The motions for reduction which are on the paper vary downwards from the highest pitched one, that of Mr. Mahmood Schamnad, for a reduction to 8 annas. The cost of the reduction suggested by the Honourable Member for the Muddiman Islands (Laughter)—Andaman Islands—would be 3½ crores in a full year and something over 3¼ crores in the current year. The next amendment by Dr. Lohokare would cost 2½ crores in a full year and something over 2 crores in the current year. The motion to reduce the tax to Re. 1 would cost about 1½ crores in a full year and about 90 lakhs in the current year. If we were able to accept the suggestion that is made in Mr. Venkatapatiraju's motion for the imposition of a higher duty on imported salt, if you assume that that would have no effect in diverting the present trade, that is to say, if the same amount of salt were still coming from abroad, the net effect would be a loss of 45 to 50 lakhs, but the probable effect would be a considerable diversion of trade, so that the loss would be larger, up to something approaching nearly 90 lakhs this year. That is the cost of reducing the rate from Rs. 1-4-0 to Re. 1. (*Mr. K. Ahmed:* "Question.") Why is it a question? All those estimates assume that there would be no important increase in the total consumption. There is not the slightest foundation for the belief that

there would be any important increase in the consumption, certainly not that it would be at all rapid. Therefore, the position with which we are faced is that if any of these amendments are carried we are so much short of our finances for the year. If the first amendment of Mr. Mahmood Schamnad is carried, I would suggest we should meet it by postponing the reduction of provincial contributions this year and by omitting paragraph 3 of the Bill. That would just about enable us to meet the cost of reducing the salt tax to 8 annas; that is to say, we should postpone the abolition of the cotton excise duty and postpone relief to the provinces. We can meet Dr. Lohokare's by omitting paragraph 3, that is, giving up the abolition of the cotton excise duty, and by reducing the relief to the provinces by about half of the present figure. The reduction to Re. 1 can be met simply by giving up our proposal to grant relief to the provinces. That is the simple position as it is before the House. Now, let us just consider what is the value to the poor man about whom our elected representatives wax so eloquent. What is the value to the poor man of the reduction of the salt duty by 4 annas? It amounts to three-fifths of an anna per head per annum throughout the year, three-fifths of an anna per head; possibly three annas per family throughout the year. Does the House really think that it is better to do that than it is to reduce provincial contribution by 1½ crores? If we had that sum to spare, are there not a great many ways in which we could spend it better—and I would go further—which our electors would agree as being better than this? The idea that the elector will not elect anybody unless like my friend Mr. Kabeer-ud-Din Ahmed he waxes eloquent about the salt tax seems to me to show the duty which the Members owe to their constituents to teach their constituents to recognise . . . .

**Mr. K. Ahmed:** Is there any chance for you to get elected even in England?

**The Honourable Sir Basil Blackett:** The Honourable Member has shown that he is a successful electioneerer. But I must say there are occasions on which one wishes that during the last year of the Assembly when he is electioneering, he would do it elsewhere than in this House.

That is the position before the House, and the Honourable Members can have the reductions if they are prepared to pay for them. I come now to the last point. Mr. Venkatapatiraju always raises this question of raising the import duty. As he will see, the Taxation Inquiry Committee proposes that it should be further examined, and we have every intention of following up the proposal of that Committee during the current year with a view to considering whether it would be advantageous to raise the import duty. We have during the course of the year done something to meet the difficulties which were mentioned last year. For instance, we have arranged for salt coming by railway to be bonded on arrival; and other matters of that sort have been explored; but there is a good deal to be said before you decide that it is desirable to raise the rate of import duty on salt. As the Taxation Committee say, it is desirable that India should be made self-supporting in the matter of salt supply; if this end can be secured by the granting of a strictly temporary advantage to the local manufacturer. The doctrine of discriminating protection comes in here just as in other cases of protection. Undoubtedly the first effect of raising the import duty on salt would be to raise the cost of salt and

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reduce the quality of salt supplied in Bengal. At any rate it would raise the cost of it and Honourable Members who talk so much about the poor man having to pay heavily for his salt would no doubt feel that even a temporary increase in the cost of salt to the people of Bengal was a thing which had to be carefully considered. But I am quite willing to agree that if by a temporary addition to a duty of that sort you can make India self-supporting in the matter of salt, there would be an advantage. But it always remains true that you do not advantage a country by making it completely self-supporting in a particular article if the result of your action is that it is producing at a greater expense to itself a particular article instead of importing it, whereas it might be producing an article which it is better adapted to produce and exporting that in payment for the import which it is not so suited to produce. But the matter will be explored during the year in the light of the Taxation Committee's proposals; and if it is found that real advantage can be secured by only a temporary increase of the price, then undoubtedly the Government will be quite willing to accept the suggestion.

**\*Diwan Bahadur M. Ramachandra Rao:** Sir, I regret very much that the Finance Member began his speech by saying that this annual debate on the salt tax is a political cry or an election cry or some remark to that effect. It seems to me that I cannot accuse my Honourable friend of ignorance of the past history of this subject. He knows very well that every proposal that has been brought forward to-day, namely, the reduction to 8 annas, the reduction to 12 annas and a tax of one rupee, has been adopted as a tax in previous years. Therefore, taking the proposals that have been made to-day, Honourable Members will find that there is sufficient justification for all these proposals in the past history of the subject.

**The Honourable Sir Basil Blackett:** Not under the present financial conditions.

**Diwan Bahadur M. Ramachandra Rao:** That is quite a different matter. But when my Honourable friend proceeds to say that our proposal is an election cry, it seems to me that he has entirely forgotten that these identical proposals were adopted by the Government in past years and in the financial circumstances of those years. Therefore, taking the proposals in themselves, there is nothing inherently political about them; nor, looking at the fact that these various proposals for the reduction of the salt tax have been discussed for thirty or forty years, is there any justification for saying that there is anything peculiarly electioneering about the proposal that has been made this year. I may inform the Honourable the Finance Member that whatever may be the financial circumstances of this year, it is quite the feeling in this part of the House that these proposals should be brought forward not only this year but in all future years, till we reach the very lowest minimum of the salt tax that is advisable or that is possible in the financial circumstances of the Government of India. I may also say that the debate this year is somewhat valuable from the conclusions of the Taxation Inquiry Committee which undoubtedly my Honourable friend will have to deal with in the course of the next financial year. It is quite true that the Honourable Member will have

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\*Speech not corrected by the Honourable Member.

to re-examine the whole of our taxation system during the course of the next financial year in view of this Report; and if we are saying anything at all on this side to-day it is entirely to persuade him to see whether some of the ideas which have been ventilated in this House for some years in regard to the salt tax, can, in view of the conclusions of this Committee's Report, be adopted by my Honourable friend. It is only in this view that I wish to say one or two words.

Honourable Members will see that the authors of this Report come to the conclusion that:

"even granted that it has not had that effect, the three annas per head per annum, which is what a duty of Rs. 1-4-0 a maund would roughly represent, may involve a hardship in the case of the very poorest."

That is the finding of that Committee. There is no doubt therefore that even a salt tax of Rs. 1-4-0 as it stands at present may involve, according to the authors of this Report, a hardship to the very poorest in India. That is quite clear on the findings of this Report. Therefore, when we are urging that this hardship should be mitigated in the way we are suggesting, there is nothing really unreasonable about such a proposal. Then the Committee proceed to classify the various classes of persons at page 840 of this Report, where they divide the community into urban labourers, the landless agricultural labourers, and then, taking the landed classes, into the small holder, the peasant proprietor and the large landholder: then, taking the trading classes, into the petty trader, the large trader and the big merchant class: then, the professional classes, and so on. They thus classify the communities in the country into five or six classes, and the very poorest of these communities, who, according to the authors of this Report, should have a priority in the matter of relief of taxation, are these unfortunate landless agricultural labourers and urban labourers. They have an order of precedence in the relief of taxation, and they place these classes, namely, the landless agricultural classes, agricultural labourers and the urban labourers, at the head of persons who are entitled to relief of taxation in the first instance.

Then again, Sir, at page 840, they discuss the incidence of taxation under various heads, namely, salt, customs duties, excise duties, kerosine, municipal taxes, and then they reduce the incidence of taxation with reference to each of these, and they come to the conclusion at page 850— I will read this portion of the Report with the permission of the House,— that:

"in the manner of relief of taxation, preference should, in the Committee's opinion, be given to the poorest classes whose burden has not, as will be seen from the figures in the preceding Chapter, been relieved to the extent that is sometimes supposed, although there is no doubt that wages have risen considerably."

Therefore it is quite clear . . . . .

**Mr. A. H. Lloyd** (Member, Central Board of Revenue): Please read the next sentence.

**Diwan Bahadur M. Ramachandra Rao**: My Honourable friend need not at all be afraid that I will omit anything. Therefore, what I am trying to convince Honourable Members opposite of is this, that the persons who ought to receive relief are the very poorest classes in the community; secondly, even a duty of three annas per head of the population

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may be a hardship to these classes. Then the question as to what the relief should be is discussed. I shall now read the paragraph which Mr. Lloyd is anxious about:

“The tax through which relief could most easily be given is of course the Salt tax, and Dr. Paranjpye would advocate that that be reduced, but in the opinion of the majority of the Committee”

—and in all Committees there is always a minority and a majority report, and it is for this House to judge which holds the sounder view . . . .

**The Honourable Sir Basil Blackett:** That is the view of Dr. Paranjpye.

**Diwan Bahadur M. Ramachandra Rao:** He did not advocate this in connection with elections or merely for raising a political cry; at any rate he did not do so when he wrote this Report . . . .

**The Honourable Sir Basil Blackett:** I am not quarrelling with that.

**Diwan Bahadur M. Ramachandra Rao:** My Honourable friend cannot dismiss this lightly as he seems inclined to do. What the Committee says is:

“in the opinion of the majority of the Committee, this would not be a suitable measure in present conditions for the reasons that the rate is already so low that the burden of it is extremely small, and that changes in the rates are greatly to be deprecated on the ground that they are apt to cause reduction in the Government revenue out of all proportion to the benefit received by the people. The Committee therefore fall back upon the next indirect tax on general consumption, namely, the customs duties on conventional necessities, such as sugar, kerosine oil and matches”.

So that, Sir, the position is this. The politically-minded class in this country for the last thirty or forty years have many times, not only in this House but even outside it, advocated the reduction of the salt tax, not in their own interests, but in the interests of the very poorest classes referred to by the Taxation Inquiry Committee, and in putting forward the various proposals to-day, we are really discharging a duty which we owe to the poorest classes. We do believe that the tax on salt does affect them, in fact the Taxation Inquiry Committee itself does not deny that it does affect the poorest classes in certain circumstances. The whole question is that even their recommendations are hedged in by these words “in present conditions.” I do not know what they mean by those words “in present conditions”, but I take it that they mean in present financial conditions.

**The Honourable Sir Basil Blackett:** We are only dealing with the present conditions in this Budget.

**Diwan Bahadur M. Ramachandra Rao:** That is quite a different matter. I do not know whether the Taxation Inquiry Committee had any particular Budget in view in making these recommendations. Therefore, I cannot understand those words “in present conditions”, but any way we see what Dr. Paranjpye advocates in regard to this matter. The majority of the Committee make a qualified recommendation that the tax cannot be reduced in present conditions, and therefore the debate to-day is intended more or less to place before the Finance Member the opinion of this House

that, in giving effect to the recommendations of this Committee, this question, which has become an annual feature of our debates in this House for the last thirty or forty years looking back to the old debates, requires very careful consideration at the hands of the Government of India. My Honourable friend has always been telling us whenever the question of provincial contributions was raised: "Oh, look here, you will not get any provincial contributions" . . . .

**The Honourable Sir Basil Blackett:** Would you not do so if you were the Finance Member?

**Diwan Bahadur M. Ramachandra Rao:** Yes, we would do so by a re-adjustment of the whole system of taxation. Whenever any proposals are brought forward, my Honourable friend always tells us "Look here, you get your provincial contributions". That is not the way to deal with this question at all. We are anxious to get our provincial contributions. On the last occasion we suggested that the abolition of the cotton excise duty should be undertaken and that provincial contributions also should be given. My Honourable friend has found money to give something, and I may assure him that we are not at all satisfied with what he has done. Taking Madras, I see from the papers that with a provincial contribution of 57 lakhs, they are hardly able to tide over their financial difficulties. This year they have, I suppose, a balance of six lakhs of rupees out of the 57 lakhs. So far as the provincial contributions are concerned, we are as keen, even much keener than we were last year, and I hope, Sir, that now that he has a fine opportunity, we shall have the benefit of his services in having a readjustment of the whole of our taxation system to produce the necessary results in the future. Whether these proposals will be acceptable to us is quite a different question. That depends upon the exact proposals which you will make. Therefore, Sir, I think there is a case for the reduction of salt duty at least to one rupee. Of course my Honourable friend is a very cautious and careful man and he will not commit himself to anything unless it is absolutely necessary,—but I trust he will consider the whole of this question of the reduction of the salt tax in a sympathetic spirit. It is true that this is one of those very few taxes which will go to the very poorest, but I think that in giving relief of taxation, it is perfectly right, as has been pointed out here, that that relief should go to the poorest classes.

**Mr. S. C. Ghose (Bengal: Landholders):** I move, Sir, that the question be now put.

The motion was adopted.

**Mr. President:** The question is:

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

The motion was negatived.

**Mr. President:** The question is:

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

The motion was negatived.

**Mr. President:** The question is:

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

The Assembly divided:

**AYES—19.**

Ahmad Ali Khan, Mr.  
Ahmed, Mr. K.  
Aiyangar, Mr. K. Rama.  
Alimuzzaman Chowdhry, Khan  
Bahadur.  
Das, Mr. B.  
Deshmukh, Mr. R. M.  
Ghose, Mr. S. C.  
Gour, Sir Hari Singh.  
Hussanally, Khan Bahadur W. M.

Jelani, Haji S. A. K.  
Joshi, Mr. N. M.  
Lohokare, Dr. K. G.  
Mahmood Schammad Sahib Bahadur,  
Mr.  
Mutalik, Sardar V. N.  
Neogy, Mr. K. C.  
Pal, Mr. Bipin Chandra.  
Ramachandra Rao, Diwan Bahadur M.  
Talatuley, Mr. S. D.  
Venkatapatiraju, Mr. B.

**NOES—43.**

Abdul Qaiyum, Nawab Sir Sahibzada.  
Abul Kasem, Maulvi.  
Ajab Khan, Captain.  
Akram Hussain, Prince A. M. M.  
Bajpai, Mr. R. S.  
Bhore, Mr. J. W.  
Blackett, The Honourable Sir Basil.  
Bray, Sir Denys.  
Burdon, Mr. E.  
Calvert, Mr. H.  
Clow, Mr. A. G.  
Cocke, Mr. H. G.  
Crawford, Colonel J. D.  
Dalal, Sardar B. A.  
Donovan, Mr. J. T.  
Gidney, Lieut.-Colonel H. A. J.  
Gordon, Mr. R. G.  
Graham, Mr. L.  
Hezlett, Mr. J.  
Hira Singh Brar, Sardar Bahadur  
Captain.  
Hudson, Mr. W. F.  
Innes, The Honourable Sir Charles.

Jatar, Mr. K. S.  
Lamb, Mr. W. S.  
Lindsay, Sir Darcy.  
Lloyd, Mr. A. H.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra  
Nath.  
Muddiman, The Honourable Sir  
Alexander.  
Neave, Mr. E. R.  
Owens, Lieut.-Col. F. O.  
Rahman, Khan Bahadur A.  
Raj Narain, Rai Bahadur.  
Rau, Mr. P. R.  
Roffey, Mr. E. S.  
Sams, Mr. H. A.  
Singh, Rai Bahadur S. N.  
Stanyon, Colonel Sir Henry.  
Tonkinson, Mr. H.  
Vernon, Mr. H. A. B.  
Vijayaraghavacharyar, Sir T.  
Wajihuddin, Haji.  
Willson, Mr. W. S. J.

The motion was negatived.

**Mr. President:** The question is:

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

The motion was adopted.

**Mr. President:** The question is:

"That clause 3 do stand part of the Bill."

**The Reverend Dr. E. M. Macphail** (Madras: European): Sir, when a Resolution was moved last September that the cotton excise duty should be suspended, although I have all along disapproved of the cotton excise duty I stated that I was unable to support the motion because I considered that justice comes before generosity and that it was the duty of the Government to meet the grievances of Madras before being generous to the Bombay millowners. For that reason I did not take part in the vote last year. I do not intend on this occasion to oppose the passing of this clause for two reasons. First of all, the matter is settled and consequently there is no use in fighting against it, and secondly, we have



had a further instalment given to us in Madras, and the tone of the speeches of the Honourable the Finance Member, both in another place and in this House, has been so sympathetic that I feel certain that, as opportunity arises, he will continue to see that we have justice done to us in Madras. If there were one thing that would have made me oppose this motion, it would have been the way in which some of the Honourable Members from Bombay have spoken. The suggestion has been put forward that we have been receiving exceptionally favourable treatment in Madras whereas we consider that during the past few years crores upon crores have been taken out of our pockets which should have been allowed to be spent upon our own schemes in Madras. As, however, I am perhaps the only Member in this House or one of a few Members in this House who remembers the original imposition of the cotton duties and the original imposition of the cotton excise, I should like to make one or two remarks upon this event as being a kind of land-mark. First of all, I think that it is a land-mark in this way that it marks clearly the possession by India of fiscal autonomy. Reading the Fiscal Commission's Report I remember that the members there who were opposed to the continuance of the excise duty were so very largely for sentimental reasons. They considered that the imposition of this cotton excise duty marked the subjugation of India and marked the subjection of Indian fiscal interests to those of Lancashire in particular. I should like to say one thing in connection with this, that although personally I disapproved of the imposition of the cotton excise duty when it took place in the early nineties, I think it desirable that Honourable Members should remember that the people who imposed that duty were honest free traders. They considered that free trade was the best policy for their own country and that it was the best for other countries also and that, in insisting that the excise duty should be imposed here, they did nothing more than what they saw being done every day at home where they had excise duties countervailing import duties. The second way in which it is a land-mark is that I think it marks definitely the giving up of free trade by India. The cotton excise has already no doubt ceased to be a real free trade duty. It has been kept on simply and solely latterly for purposes of revenue. But the fact that it has been given up indicates, I think, the abjuration of India of anything of the nature of free trade as a policy for the time being. I say for the time being, because I have been interested to notice in the time that I have been in this House that already there are murmurings amongst those persons who are beginning to feel protection pinch them. Two years ago, when protection was brought in in connection with the Steel Bill, there were only one or two gentlemen who sat on the opposite Benches who ventured to say a word in favour of free trade. But every now and again I have noticed that in cases where particular interests are affected there has been a certain tendency to murmur at the imposition of protection. The last point that I wish to refer to is the fact that the abolition of this cotton excise duty is an indication of the abandonment of the attack upon the western industrial system which was so vigorous a few years ago. This abolition of the cotton excise duty is the abandonment of protection for the spinning wheel and the handloom. This duty has been the means of giving a certain amount of protection to these things, but by its abolition it means that those gentlemen who were in the habit of attacking all western industrialism and associating it with all kinds of

[Dr. E. M. Macphail.]

evils which were also connected with Government, have given up that idea and are now prepared to see India become industrialised. I congratulate the Bombay millowners upon their victory, and all that I can say is that I trust that all the benefits that are expected to accrue from the abolition of the cotton excise duty may do so and in particular I trust that the profits resulting from it will not find their way into the pockets of the shareholders but will be distributed to the consumers.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, I do not know the name of that Finance Member who levied this cotton excise duty on the people of India. Nor do I care to know it. Sir, for years the people of India have groaned under that ignominious and iniquitous tax. If Sir Basil Blackett's tenure of office is notable for one thing more than another it will be ever remembered that he was the Finance Member in whose regime this iniquitous tax was done away with. I know that his administration will also be remembered for various other things that he has done, but with that I am not going to deal. My Honourable friend, Dr. Macphail, of course remembers when this tax was levied, and he told us just now on the floor of this House that it was levied with a view to give protection to the handlooms and the spinning wheels . . .

**The Reverend Dr. E. M. Macphail:** Excuse me, Sir, for interrupting the Honourable Member. I never said anything of the kind. What I said was that it had that effect. I never said that it was levied with that intention.

**Mr. B. Das:** It is all the same. (*Some Honourable Members:* "No, no.") I understood it in this way that its effect was going to improve the condition of the spinning wheel and the handloom industry in India. But the successive Governments and successive Finance Members never expressed that sentiment, while on the other hand they admitted that this was an iniquitous tax (*An Honourable Member:* "No."), and that it was to raise more revenue, to meet the greater demand on them that they were perpetuating that tax. However, I am very glad that the time has come when we will have to forget that we were a subject nation, and that any system of poll tax could be levied on us. I am glad that the time has come when this invidious tax is going to be taken off from the Statute-book altogether and on that I congratulate the Honourable the Finance Member.

**\*Maulvi Abul Kasem** (Bengal: Nominated Non-Official): I also join my Honourable friend, Mr. Das, in congratulating the Honourable the Finance Member not only on the abolition of the cotton excise duty but for bringing the finances of India into a very satisfactory condition which has made it possible for him to abolish that duty. But in this connection I have got one observation to make. Dr. Macphail at the close of his speech said that he hoped that this removal of the cotton excise duty would result in the money going into the pockets of the consumer. I am afraid that it will not be so and it cannot be so as long as our tariff remains as it is to-day. The cotton excise duty, as has been mentioned, was introduced as a countervailing duty in order to protect the interests of the foreign manufacturer and it was admitted as a bad tax and an agitation was

\*Speech not corrected by the Honourable Member.

carried on for its abolition for a long time and it has been going on since then. The Government from time to time would not defend the tax, but at the same time could not remove it for financial reasons. The next best thing that they could do was to raise the import duty on foreign piecegoods that were brought into this country, and I think the import duty went higher and higher. Now that this cotton excise duty has been abolished, and rightly so, I think the consumer can reap the advantage of it only if the import duty is also correspondingly reduced. (*Some Honourable Members*: "No, no.") It may be to the interests of the manufacturers and the industrial magnates to say 'no', but, Sir, I think it is the duty of Government to make the necessary arrangements so that the people of this country, the poor people for whom so much crocodile tears are shed in this House, do really get some benefit, that they get the necessities of life supplied to them at the cheapest possible cost. I do not mind your taxing silk, or gold or motor cars and things of that kind, but ordinary wearing apparel is as much a necessity of life as food and therefore Government should provide facilities that these necessities of life may be available to the people of the country at the cheapest possible price. (*Mr. B. Das*: "What about salt?") Yes, Sir. We have been hearing this morning about the reduction of 4 annas in the amount of the salt duty. If that reduction had been carried, it would have only added a few more rupees to the coffers of the salt dealer and not the consumer and it was for that reason that I did not vote for it. This House talks so much about the poor people, the agriculturists, the dumb millions. The dumb millions have got in this House very eloquent advocates, but if we see the results of our discussions and deliberations we always find that it is the industrial magnate and the capitalist that has the full benefit of the Legislature and the Government with reference to our tariff policy. Sir, while supporting wholeheartedly the Honourable the Finance Member in the present Finance Bill I would appeal to him that when he has an occasion to consider our fiscal policy again he will consider the question of reducing the import duty on piecegoods and cotton cloths, whether we get them from Japan or Manchester. I have been told that Government do not want to reduce it because the competition to-day is not between Lancashire and India but between Japan and India. I am not interested either in Japan or in Lancashire. (*An Honourable Member*: "Or in India.") I am interested in the poor agriculturist and he has to pay a very high price for his ordinary wearing apparel. I have been told that the mill industry ought to be encouraged by protection and even by taxing the people. But it cannot be said that the Bombay mills are infant industries that require protection. During the days of the War and during the anti-partition days of Bengal the shareholders of the Bombay mills made huge profits out of the patriotism of the people. I do not grudge them their present good fortune, but I would appeal to them to make some concession in favour of the consumers. I am afraid I cannot trust to their charity; but we must have some protection for the poor consumer and he will get it only when the import duties are reduced.

**The Honourable Sir Basil Blackett**: I come to bury Caesar, not to praise him. I will not therefore be misled by any of the speeches that have been made to-day into defending the duty whose demise we are here rejoicing at, or repeat some of the phrases that have been used in this connection. Whatever its merits, it is a historically unjustifiable tax and that is all we have to say about it. I do not wish to delay the House.

[Sir Basil Blackett.]

over it further, but I do want to draw their attention to the fact that we are here in a sense performing a historic act. We are getting rid of what has been described as a historic wrong, and I hope that that will be taken by the House and by the country as an indication of the possibilities that lie in the Reforms when all those who are working for India will work together for her good.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Yesterday, when the Honourable Member for Ahmedabad made a speech thanking the Government, the Honourable the Finance Member, His Excellency the Governor General and the non-official Members of this Assembly, I thought, Sir, he was not doing justice. I felt that he was thanking those people who really did not deserve the thanks of the millowners of Bombay and Ahmedabad. If His Excellency the Governor General, if the Honourable the Finance Member, if the Government of India and if the non-official Members of this House could have removed the duty, they would have done it earlier but, Sir, these people had to wait for the removal of the duty in order to see that 150,000 workers of Bombay were put to great hardships for three months. Therefore, if there was any party which ought to have been thanked by the Honourable Member from Ahmedabad, it was not the Government of India, it was not the non-official Members of this House, but the party was the 150,000 workers who suffered great starvation and great hardships for nearly three months in the city of Bombay.

**Mr. Bipin Chandra Pal** (Calcutta: Non-Muhammadan Urban): Made to suffer.

**Mr. N. M. Joshi**: That is the greatest danger of this policy. I know very well that the circumstances under which the excise duty was removed constitute a great danger for the mill workers in this country. If the cotton excise duty had been removed voluntarily by Government I would have been pleased but the circumstances are really dangerous for the mill workers. For the last few years, the millowners of this country, especially the employers in the textile industry, have been using the workers in order to secure their ends. When they wanted the cotton excise duty to be removed and they could not get Government to do it, they thought they might use the workers in order that the cotton duty might be removed. The millowners may want certain other concessions hereafter. I know they want the import duty on Japanese goods to be increased. I always feel that the mill workers in Bombay may be again used by the millowners in order to put pressure upon the Government of India to raise the import duty on Japanese goods. I am not therefore quite happy on account of the circumstances under which the excise duty has been removed. Then, Sir, the Honourable European Member from Madras said that the removal of this duty meant a land-mark for the several reasons which he gave. Sir, to me also it is a land-mark and for one reason, and that reason is that the Government of India have made it clear now that whenever they have a surplus that surplus will be used not for reducing a duty like the salt duty which falls upon the poorest people in this country but that surplus will be used for giving relief to the rich communities of this country. Sir, that is the lesson of the action of Government in removing cotton excise duty before they had removed from their Statute-book a tax like the salt tax.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, it is many years ago when I happened to be a student in England that I got acquainted first with this obnoxious excise duty which was imposed upon the cotton industry in India. I remember it very well. At that time Lord George Hamilton was the Secretary of State for India. He happened to address his constituency and he made a declaration which was based on just and equitable principles and he maintained that it would be wrong to impose an excise duty on the cotton industry of India. Within a very few days after he made that speech, the members from Lancashire and Manchester in the Commons at the point of the pistol threatening to defeat the Government made him make a different speech. The act was accomplished. It created a profound impression upon me and I felt how India's interests could be sold in order to maintain the Government in power in Great Britain. That wrong was continued and was continued up till the moment when the Finance Member got up and definitely declared that this cotton excise duty was dead. Its corpse was buried. Let us now give it a decent funeral. Well, Sir, although this wrong has been righted to-day after such a long time, yet it was maintained all these years although it was morally wrong, historically wrong and politically a blunder. But it has been righted to-day and I must therefore recognise the efforts that the Honourable Members of this House made on behalf of this industry more than once in putting pressure upon the Government. I quite realise that the strikers played a very important part and I fully realise the point which Mr. Joshi made. But, Sir, it is in the Anglo-Saxon blood that no wrong is to be righted unless those who are wronged are made to suffer and at times made to shed even blood. Unless that is done, a real impression is not created on the minds of the Anglo-Saxon race. I hope that they will learn a different lesson in this country and not compel this country to resort to these extreme measures and then grant relief. I do not wish to enter into the question of the policy of protection. That stands on its own merits and whenever that question comes up I have no doubt the House will be in a position to deal with it. I do not also wish to deal with the question of relief to those countrymen of ours who are poor, who are workers. I for one shall be always ready, as far as it lies in my power, to help to alleviate their lot. I therefore on behalf of Bombay cannot sit down without recording my appreciation of the action of the Government in this matter. I hope that this will not be the last move of the Government and that they will realise that whenever they do a good act, a beneficial act, we on this side of the House readily appreciate it, and we have no hesitation in saying that we congratulate the Finance Member, who represents the Government. I have no doubt that he has played his part; we appreciate his endeavours in this behalf and I have no hesitation in saying that we thank him for it.

**Mr. Kasturbhai Lalbhai** (Ahmedabad Millowners' Association: Indian Commerce): Sir, Dr. Macphail has brought in protection and free trade in the discussion of the abolition of the cotton excise duty. Had he been in this House to listen to the frequent debates that have taken place on this subject of the cotton excise duty he would have found out that we never claimed the abolition of the cotton excise duty on the principle of protection or free trade, but we based our claim on sheer justice and justice alone. Sir, much has been said about the poor consumers. May I tell Honourable Members that the reduction in prices of piecegoods during the recent months has been nearly 20 per cent., and much of that has been due to the abolition of cotton excise duty. We were able to sell

[Mr. Kasturbhai Lalbai.]

our goods which were not moving till the months of November and December at a price that was not even a squaring proposition, only because the cotton excise duty was abolished. Again my friend Mr. Joshi has referred to the workers having been sacrificed for the sake of the employers. Conveniently Mr. Joshi has forgotten that ten big mills had closed down before the Bombay millowners were obliged to announce a cut of 11½ per cent. in the wages, and but for this cut it is very doubtful whether almost all the mills would not have been obliged to close down one after the other because of the great depression in the trade. I am not here prepared to go into the merits of the strike, but I may be pardoned for saying that Mr. Joshi is starting on the wrong theory of Labour and Capital interests being anything but identical. I say, Sir, that the interests of labour and capital ought to be identical, and unless they are, it will be very very difficult for our country to advance industrially, materially or socially. Sir, I fully recognise that the strike and the sufferings of the work people of Bombay have played a very important part in the abolition of the cotton excise duty, and we are all the more sorry that the Government did not see their way to announce the abolition of this duty until these 150,000 work people had suffered privations for nearly two months. Sir, I once more thank the Honourable Members, non-official Indian and European Members, for the kind courtesy with which they have listened to the various debates that took place in this House and for their vigorous advocacy of the abolition of the cotton excise duty. I also thank the Honourable the Finance and Commerce Members, who have had the good fortune of announcing the abolition during their term of office. Our thanks, as I said last evening, are also due to His Excellency the Viceroy, who will soon be retiring, for announcing the abolition of the cotton excise duty. (Applause.)

**Mr. President:** The question is:

"That clause 3 do stand part of the Bill."

The motion was adopted.

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

**Mr. President:** The question is:

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

**Mr. K. Ahmed:** Sir, I move:

"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 'Letters' the following be substituted:

'For a weight not exceeding one tola ... Half an anna.

For a weight exceeding one tola but not exceeding two tolas and a half ... Three quarters of an anna.'

Sir, in moving this motion I would remind the Government that it was only last month, on the 9th February last, that I expatiated on the Resolution for the reduction of postage on postcards and on letters. There, Sir, I clearly placed before the House the fact that there is ample profit, and from the actuals of the Budget for the last financial year it appears that the profit was Rs. 29,28,100 from the Postal Department, including the sale of postcards, and from letters. I think that fact will be admitted by the Government. I also told them not to mislead the

House by the trick of mixing up the telegraph and telephone branches with the post office. Sir, as far as letters and postcards are concerned, there is ample profit derived from their sale and a reduction is absolutely necessary. I said further, as Sir Charles Innes has pointed out, that the Postal Department is a commercial department and it has not been run on businesslike methods like a commercial concern ought to be run. My motion, Sir, is quite a modest one, namely, to fix the price for letters at 9 pies instead of one anna when the weight is over one tola but less than two and a half tolas, and six pies for less than one tola. Here I am proposing the pre-war rate and nothing more. I suppose, Sir, if this is adopted, the Government will lose, roughly speaking, a few lakhs of rupees. (*An Honourable Member*: "How many?") It is probably less than 50 lakhs, probably it may be 85 lakhs, or it may be very close to that figure. It is for the Department, who are in a position to deal with the statistics, to state the exact figure, but I hope they will not mix up and shuffle all three cards—telegraphs, telephones and postage. They have been shuffling all three cards in order to show that they have got a Department of "Telegraphs, Telephones and the Post Office". Of course they show from their statistics that there is a loss of Rs. 60,000 every year when they give us the figures of their profit and loss with regard to telegraphs, telephones and postcards and envelopes together. But, Sir, apart from the telegraphs and telephones, if you take the postages on postcards and envelopes alone, if they are only taken together, Sir, there is a profit of Rs. 29,28,100.

**Mr. H. A. Sams** (Officiating Director General of Posts and Telegraphs): Which year?

**Mr. K. Ahmed**: You have given that figure before the Standing Finance Committee. If that is so, Sir, we are in a position to demand from you that you must accept the motion by reducing the rate to 9 pies for what you charge one anna and for a weight of one tola half an anna; that is the pre-war rate, that is to say, what you charged before you increased the rate in 1922-23. I went into the matter, Sir, on the 9th of February but the Honourable Sir Bhupendra Nath Mitra in his reply gave a one-sided answer. He never tackles the questions straight, he never gives answers straight; but, Sir, he probably got some answer written out without meeting the arguments that I raised on the 9th February and he gave a stereotyped, one-sided answer. That was not fair dealing, Sir, at his hands with regard to my motion. Now, Sir, let us see what was said last time. I said this:

"Since the rates on post-cards and envelopes were increased, the Government had an additional revenue of about Rs. 1½ crores. But then thereafter one-fifth of the post-cards and one-fifth of the letters and envelopes have been reduced in sale from the post office list. On a comparison of the postcard figures of 1922-23 and 1921-22, and the figures of 1923-24, for which we have got actuals, and taking also the revised estimates of 1924-25 into consideration for postcards, it will be clear that postcards have fallen off in numbers from one million and one million and a half. Ordinarily, before 1921-22, if you take the figures for ten years you will find that the total number of postcards had been steadily increasing, so much so that the average increase of the Postal Department, although there was no change in the taxation, came to 30 lakhs extra. But since 1922-23, when the rates on postcards and envelopes were doubled, it has steadily fallen except that now, taking all postal articles into consideration, there is an excess of 1 per cent. and odd only in postal articles ultimately. So by reduction, you will increase the sale of the number of postcards and envelopes. And since it is a commercial department, you must give credit to it and allow reduction without any further delay. The sooner it is done, the better it is both for the people and the Government."

[Mr. K. Ahmed.]

That is quite clear. Now, Sir, am I not justified in asking, and is it not fair for the Government to treat the matter from a commercial point of view just as a business man would do? What is the use of your shuffling the three cards, that is to say, Telegraphs, Telephones and the Postal Department, and showing us the tantalizing figure of a loss of Rs. 60,000? If it is your luxury to have telegraphs and telephones, certainly for this luxury you should not realize from the poor people 6 pies instead of 8 pies for postcards and in the case of a letter weighing much less than one tola realize one anna instead of half an anna, while you charge only one anna for such a big weight as 2½ tolas. Is it businesslike, is it commercial? Sir, I submit that this motion is a fair one for acceptance, and I am moving, Sir, that this at least—of course there are many others—ought to be accepted. I move, Sir, that my motion be accepted.

**Mr. B. Venkatapatiraju:** Sir, you have already been pleased to say that the Assembly is not entitled even under the same head to suggest additional revenue by imposing additional duty. In my motion I suggest:

“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 ‘Letters’ the following be substituted:

‘For a weight not exceeding one tola	...	Three quarters of an anna.
For a weight exceeding one tola but not exceeding two and a half tolas	...	One and a half annas.’”

If under your ruling, Sir, I cannot move the latter, I am entitled to speak on the whole proposition as a constructive suggestion so that the Government may not complain that there would be a great loss of revenue on that account; it would be met to a greater extent in the way which I have suggested. I have suggested:

“For a weight not exceeding one tola	...	Three quarters of an anna, and
For a weight exceeding one tola but not exceeding two and a half tolas	...	One and a half annas.”

It might be suggested that there would be a loss of some lakhs, but it will not be more than about 40 lakhs, because after all we have not got the actual figures as to how many letters were sent weighing less than one tola and how many above one tola up to 2½ tolas. So it may be that we should increase the rate with reference to the weight of the letter, and you have to take that into account, because letters of greater weight might be reduced. But taking all the circumstances into consideration, we cannot ignore the fact that during the last 4 or 5 years there was a considerable fall in the letter postage. We find that it went up to 609 million letters in the years 1920-21 and 1921-22. It has gone down now to 530; that means there was a reduction of 70 million letters. It cannot be pleaded that all this deficiency is due to the slump in trade; I think it is due to the heavy postage. You cannot escape by saying that there must be some other reason than the heavy postage rate. I think the heavy postage rate accounts for the fall of 70 million letters. My suggestion is this. Is it not possible to conceive any measure of affording relief? I shall be very much satisfied if Government are prepared to reduce postage on postcards to the old level and we need not press this, because that will give greater relief to the poorest people than even a reduction in the postage on letters. I do not understand why all letters from half a tola to 2½ tolas should be charged at the same rate. It is practically



helping the richer section and not helping the poorer section. If we adopted a differential rate for letters of smaller weight and for letters of heavier weight, which are generally used by commercial people and richer people, there would be nothing wrong in doing so. I therefore suggest that some method should be adopted to secure additional revenue and give some relief to those who want to send in letters and who are unable to send them. That is the reason why we have got 70 million letters less now. I have in another place made a suggestion about letter postcards. Letters are intended for secrecy of communication. For that purpose many communications must necessarily be sent in letter form; and therefore even the poor people need some relief. If my suggestion is accepted, which is a reasonable one, there will not be a heavy loss as there would be in the case of other suggestions which are on the paper. Therefore, I suggest that the Government might sympathetically look at the question and not raise the bogey, "We have to provide extra expenditure for this purpose and for that purpose, and therefore we will never give relief in this direction or in any other direction in postal matters". I shall be the first person to be satisfied if reduction is made in any one direction whatsoever. But I am sure, the other side, the Government, are in a mood not to accede to any request in any form whatsoever, because they want every available pie; they want to have their treasury filled in order to spend lavishly. But the House must bring pressure to bear upon them time after time by agitating for the reduction of postage in one form or another. Therefore, I move my motion.

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

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

**Mr. Mahmood Schamnad Sahib Bahadur:** Sir, I have given notice of the following motion:

"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 of an anna.
Reply	...	...	...	...	Half an anna."

[At this stage Sir Hari Singh Gour entered the Chamber and rose up to speak. (*Cries of "Order, order."*)]

**Mr. President:** The Honourable Member knows that he is late for his amendment.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhamadan): I rushed in, Sir, as soon as I could, and I hope I may be permitted to move my amendment.

**Mr. President:** Sir Hari Singh Gour.

**Sir Hari Singh Gour:** Sir, the amendment which stands in my name and which I wish to move is as follows:

"Letters: For a weight not exceeding half a tola	...	$\frac{1}{4}$ anna.
As regards postcards, letter card	...	$\frac{1}{2}$ anna."

[Sir Hari Singh Gour.]

I shall explain to the Honourable Members the effect of these two amendments, and I shall leave the House to adopt one or both. Now, as regards the  $\frac{1}{2}$  anna postage for a half tola letter I wish to point out to this House that that is a compromise, a compromise which I think should be accepted by the Government. I think my Honourable friends will agree with me that with the doubling of the postage in 1922 we have *per saltum* gone up from one pice to two pice and from two pice to four pice; and the reason that was given in 1922 and repeated in 1923 is a reason which has not, I submit, received any support from the subsequent facts elicited from the occupants of the Treasury Benches. I happened to be one of the protagonists of an amendment which was resisted by Mr. Clarke (now Sir Geoffrey Clarke) and I see, Sir, referring to my own speech and his reply to me that the burden of his song, or rather the burden of his speech which occupies five pages of the Legislative Assembly Debates, was that the increase in the postal rates was necessitated by a desire of the Government to develop rural post offices; and he appealed, and appealed with success, to the fact that there were a very large number of rural post offices where the receipts were something like Rs. 15, while the expenditure was about Rs. 25; and he said that if you want the development of the rural post offices that development is not possible so long as the rate of postage remained as low as it was, and that appeal did not fall flat upon our ears. We acceded to a rise in the postal rates, but we asked the Government to remember that first of all the development of the rural post offices must be taken in hand. We then put questions and those questions have been repeated in the preceding years, asking the occupants of that office what development in the rural postal facilities was made in consequence of the increased postal receipts. I find, Sir, that the replies are mostly disappointing and the increase in the postal revenues has been absorbed by the enhanced pay and emoluments of the postal employees and a very inconsiderable portion of it, if any, has gone to the development of the rural postal areas. I therefore feel that the reason which justified this House in acceding to this extremely unpopular tax upon communications has not been made good, and that is my first ground for asking this House to go back, if only partially, to a rate which will ameliorate the condition of the very poor who desire to send letters and cards but wish to ensure a measure of secrecy which is not possible in the present postcard and the postal service unless we wish to pay either one anna or more. I therefore plead, Sir, for the two amendments and I hope that no spokesman on behalf of the Government will once more hurl at us the charge that it is an election cry because in 1923 we emphasised this view that the post office was the messenger of civilisation and we wanted the Government to realise that being a public utility department they should keep its rates at the very minimum. Honourable Members on the other side, while conceding this principle, stated what I have summarised in my speech, and I therefore feel confident that my Honourable colleagues on those Benches will support me if it is necessary that we should divide the House on this extremely modest measure which I ask the Government to accept either conjunctively or disjunctively, because I am prepared to abandon the half anna letter if they will accede to my alternate amendment that letter cards be allowed to be transmitted by the post office at half an anna each. If the loss in transit by the post office in consequence of the letter cards will be greater, then I suggest that the postage be reduced to half anna on a letter not weighing more than half a tola. That is my amendment and I ask this House to support my amendment, (An Honourable Member: "Please read that amendment.")

The amendment is as follows:

" Letter : For a weight not exceeding half a tola ...	...	Half anna.
Exceeding half tola and not exceeding two and a half tolas	... ..	One anna.
Postcards : Single letter-card	... ..	Half anna."

Sir, that is my amendment. I move it.

**Mr. Mahmood Schamnad Sahib Bahadur:** Sir, my motion refers only to a reduction in the price of post-cards; and this question is also another question about which Government . . . . .

**Mr. K. O. Neogy** (Dacca Division: Non-Muhammadan Rural): On a point of order, Sir. We are considering the question of the reduction in the rates for letters.

**Mr. President:** We are taking up all the amendments on letters as well as postcards together, and after a general debate all the amendments will be put one by one.

**Sir Hari Singh Gour:** Yes, Sir; that will be very convenient.

**Mr. Mahmood Schamnad Sahib Bahadur:** This is another matter, Sir, in which the Government are showing great stubbornness by not acceding to meet the necessities of the people. It is said that the postal service is one of the factors that contribute to civilization. In India also this had had great effects, but the progress of civilization will be marred on account of this check on postal facilities. The pride of the British nation is that they are the pioneers of civilization in the greater part of the world, but what is the state here?

They are showing stubbornness in not acceding to the wishes of the people. This is a very unpopular measure. People are very anxious that the rates on postcards should be reduced. Unlike letters this is a measure that affects poor people. When we had three-pie postcards, it enabled poor people to communicate with their relations and friends and exchange ideas without much expense.

Sir, these postal rates were increased in 1922. Since then correspondence has decreased by one-fifth. This means that poor people are unable to exchange ideas as they used to do before. It is calculated that only  $1\frac{1}{2}$  letters and  $1\frac{1}{2}$  postcards are written per head of the population per year. So this shows to what extent correspondence and exchange of ideas have been reduced. By this reduction there may be a reduction of revenue to the extent of only Rs. 75 lakhs. But, if the savings of the Postal Department are applied to the reduction of postal rates this loss will be covered to a great extent. Each department must bear its own cost. Telegraphs and Telephones must not be tacked on to the Postal Department. The richer people, who make use of telegraphs and telephones, must not be allowed to enjoy the contributions of the poor people. This loss can also be made good by reducing the pay of the higher grade officers which is being increased unnecessarily every year. The number of higher grade officers may be reduced without interfering with the efficiency of the department. Therefore, I ask the Government Members to consider this matter seriously and accede to the wishes of the people at least in this one item. If they show stubbornness, they will only show that they are not amenable to reason. In regard to the abolition of the cotton excise duty, Government were repeatedly asked to abolish it, but they did not yield

[Mr. Mahmood Schamnad Sahib Bahadur.]

gracefully as they ought to have done in response to the wishes of the people, and they yielded after the concession which they have now shown has lost all its grace. This has been the mentality of Government. I hope, Sir, in this matter at least, they will be wiser, mend matters and give effect to this amendment.

**Sardar V. N. Mutalik** (Gujarat and Deccan Sardars and Inamdars : Landholders) : Sir, the amendment that stands in my name reads thus :

"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	One pice and a half.
Reply	Three pice."

I am moving this amendment only by way of a beginning for the reduction of the rate of postcards. Sir, I take my stand on commercial lines. By this amendment I think the revenues of the post offices will not only not suffer, but perhaps there will be a gain to the post offices. One commercial advantage that will be the result of the adoption of this amendment is that men purchasing postcards will not purchase only one postcard but they will purchase two cards, because it will not be very convenient for them to purchase cards for one pice and a half. (*An Honourable Member* : "They will be forced to buy.") I am not forcing them to pay more, but as a matter of convenience they will certainly purchase two postcards instead of paying one and half pice and buying one postcard. Apart from that, even if you effect a reduction, the total loss that will result according to my calculation, assuming that the sale of postcards is the same as at present, will be about 30 lakhs. According to the calculations already made, we find that the Post Office has got about 29 lakhs to its credit which amount goes to make up the losses in Telegraphs and Telephones. With regard to Telegraphs, if Government were to accept the suggestion made in one of the leading papers of Bombay to reduce the charges on telegrams and to see whether the income could be increased, perhaps it is possible that the reduced rates in telegrams would bring in more revenue, and with the revival of trade and the increase in the number of telegrams that would follow as a result of the reduction in the telegraph rates, the telegraphs will be able to stand on their own legs. Then there will be no question of meeting any loss from the Postal Department, and the whole loss in the Telegraph Department will be practically covered. So, Sir, on a commercial basis at least my suggestion is quite feasible, and to my mind, there appears to be nothing against it.

Sir, yesterday when we were discussing the general aspect of this Bill, Mr. Neogy had some difference of opinion with the Honourable the Finance Member about charging interest. The whole position is this, Sir. With regard to the question of charging interest to the post offices on a commercial basis, there will be no difference of opinion at all, provided that you agree to start from to-day. The position is this. The Honourable Member wants to start from to-day, while we, on this side, want to start from the beginning of the post offices. If we take into consideration the profits made by the post offices and paid into the general revenues, perhaps the charge that is now made to the post offices will be wiped off. If we start from to-day, then taking Mr. Cock's line, and taking the post offices as an individual unit or as a separate company, there is some slight justification for

charging that interest, but it will be a purely commercial thing. Post offices are not merely commercial concerns. We have to look to the educative value of the post offices and the convenience they afford to the public as well. It is a service from which we are not to expect to gain anything, it is a service which you have to maintain not only for your own sake but for the sake of the public as well. Sir, when the tax-payer in former days incurred expenditure on the Post Office—supposing the Post Office did not make any profit, as the accounts are not quite clear whether the Post office has contributed anything to the general revenues or whether it has been run at a deficit,—but supposing that the tax-payer has incurred expenditure, it was a free gift to the Post Office and the tax-payer then had no idea that it was an investment. It was a purely free gift by the tax-payer and there is no reason why the free gift of the former tax-payer should be taken as an investment. After all it is only a question of taking some figure for interest. I do not know on what basis the figure is arrived at. The basis is not explained in this House and we are not told how the calculation is made. For these considerations, I move this amendment and commend it to the House.

**Diwan Bahadur T. Rangachariar** (Madras City: Non-Muhammadan Urban): Sir, I beg to support the original motion of my friend Mr. Mahmood Schamnad and I feel practical difficulties in the way of the amendment of Sardar V. N. Mutalik. Dealing with the latter first, my Honourable friend Sardar Mutalik's suggestion may be acceptable on the ground that half a loaf is better than no bread; but I am afraid that, when we are introducing a measure for relieving the poor people, we would be forcing them to buy things which they do not require. I do not know if we have got a coin for  $1\frac{1}{2}$  pice.

**Diwan Bahadur M. Ramachandra Rao:** There was at one time.

**Sardar V. N. Mutalik:** You have half a pice.

**Mr. S. C. Ghose:** It is very difficult to get.

**Diwan Bahadur T. Rangachariar:** I do not see it in currency now. I do not know whether there is a currency coin for  $1\frac{1}{2}$  pice or  $4\frac{1}{2}$  pies.

**Sardar V. N. Mutalik:** There is one coin, half a pice coin.

**Mr. S. C. Ghose:** It is very difficult to get.

**Diwan Bahadur T. Rangachariar:** I may say I have not seen it. As it is, it is a very small coin and it is very difficult to get it. It is for the relief of the village parts that we are trying to introduce this measure and I am afraid you will be making it difficult for them to buy a single card which they want to use only. In these village parts probably they have to write one card a year or two cards a year, and if you compel them for want of a coin to buy two cards, as my Honourable friend said in support of his motion—he said that ordinarily people will buy two cards instead of one—I do not think you are really relieving the poor in that direction. For instance, they have no place to keep it in. They have no tables and drawers where they can keep these things safely. Their living room, cooking room and sleeping room is all in one hovel and you expect them to preserve a card for future use which may never arise for months together; so that, I do not think we are at all doing good to the poor people in making

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this suggestion. If it is inevitable, if the three pies post card is lost, then I am prepared to vote for this on the ground that half a loaf is better than no bread. But I do think, Sir, that in this matter, I must appeal both to the Honourable the Finance Member and to the Honourable Member in charge to make an effort and see whether they cannot satisfy the public demand in this direction. As I said already on another occasion, the time for giving relief to the poor people has come. We have given relief as I pointed out, by way of the abolition of the cotton excise duty only to a few hundred or a few thousand people. If Honourable Members will look at the chart presentation of the use of letters and post cards in this country in the last Administration Report of this Department, they will find that whereas in 1920-21 and 1921-22 the number of letters despatched by the people in this country amounted to nearly 610 millions, the moment the rates were increased the number of letters fell to 510 millions—a very heavy fall—and since then the rise is very small. If you compare the figures for the three previous years, 1917-18 onwards, you notice a rise in the case of letters every year. For instance, in 1917-18 the number was 470 millions, in 1918-19 it rose to 510 millions, in 1919-20 to 580 millions and in 1920-21 to 610 millions, whereas the rise since the new rates were introduced was as follows. It was 510 millions in 1922-23—that is the first year after you increased the rates—the rise is imperceptible indeed—and in 1923-24 it was only 517 or 518 millions. In 1924-25 it is 530 millions. Thus the previous ratio of increase was very large. This is a sure indication that the people feel this rise in the letter postage as really oppressive. Similarly, if you turn to the number of postcards which were despatched by the people, it is 650 millions in 1921-22, but the very next year, when we increased the rate, it fell to 530 millions, and since then the rise is very imperceptible. You will find that from 525 millions in 1922-23 it went to 531 or 532 millions in 1923-24 and in 1924-25 it reached only 540 millions, whereas, if you compare the rise in the previous years from 1917-18 onwards, it was as follows. In 1917-18 it was 530 millions, in 1918-19, 568 millions and in 1919-20 nearly 609 or 610 millions. So that the rise was very rapid in the previous years whereas here it is imperceptible. There is no doubt therefore that the country cannot afford these high rates. It will be a pity if you cannot encourage the habit of letter writing among the people. Already the proportion of the illiterate population is so large that I do think it will be a great pity—because this is a means of spreading knowledge—if you do not encourage the people to resort to letter writing in the way of spreading communication between people at large. That is one point of view.

The other point of view which I press on the attention of Honourable Members on behalf of Government is this. The time has come when we should do something really to please the people. They do not understand unless it is something tangible which comes to their very door. You may talk of the abolition of the cotton excise duty. You may talk of the establishment of a military training college at Dehra Dun. You may talk of various other things, but these do not appeal to the imagination of the people. A thing done for their own benefit, a thing which will give immediate benefit to them, which they can feel in their every day life, will be appreciated by them. No doubt, it is only the intelligent people who can appreciate the great advance which has been made by working the Reforms. If you had, as the Honourable Sir Charles Innes said the other

day, all the 318 million Rangacharis, no doubt there would be no difficulty. You can easily convince them that the Reforms have been a success and a substantial success by co-operating together. But unfortunately on account of the fault of Sir Charles Innes and his predecessors the country is not educated enough. Only 7 or 8 per cent. of the population is educated and then think of the education that they get. Are they able to understand these things? So that it is not merely an election cry. It is a cry which I will strongly advise Government to adopt themselves in their own interests. After all, if by making a small sacrifice they can be popular, why should they not take that chance. The Government is a human institution and human institutions have to work on popular lines. (*The Honourable Sir Basil Blackett*: "Sacrifice at whose expense?") That is where I join issue. I have great respect for the financial ability of my Honourable friend, Sir Basil Blackett. I do not think it is necessary for me to congratulate him at every step, but at the same time I cannot help feeling that he attaches too much importance to these financial considerations. I do not deny that he should attach importance to them. (*Sir Hari Singh Gour*: "But little to public utility.") He makes Rs. 80 lakhs profit in the Postal Department. (*An Honourable Member*: "Rs. 29 lakhs.") Rs. 29 lakhs or nearly Rs. 30 lakhs. (*The Honourable Sir Bhupendra Nath Mitra*: "Rs. 19 lakhs.") Take it at Rs. 19 lakhs or Rs. 20 lakhs. Therefore it is run at a profit, and I am sure that if you reduce the rates now the correspondence is bound to go up by leaps and bounds. If you compare the rate at which postcard writing progressed before we increased the rates in the three years before 1920-21 you will find that in every year between 20 and 30 millions is the normal increase in the postcard correspondence. Therefore not only will you reach the figure of 650 million postcards which was in use prior to 1922-23 but you will also get a normal increase thereafter year after year, and I am sure financially it will not be a great burden on the revenues. It may be that for the first year or two it may not be quite paying its own way, but at the same time I think that you must take these risks. The Honourable the Finance Member must have realised during the last three years of his career here that his budget estimates of receipts and expenditure have not always tallied. Has he not been able to show a surplus year after year, and why should he not now expect a surplus here also? Why should he not expect reductions in the working expenses of the Postal and Telegraph Departments? There is a Departmental Committee which has recommended various recommendations the financial effect of which has not been calculated. I quite agree that you will not feel it all in a year. If the Ryan Committee's recommendations are carried into effect, in the next three years I am sure there will be a saving in the working expenses and in that way the Postal Department will be able to pay its own way. Secondly, by a rise in the number of articles which will be distributed there will be a rise in the receipts. There will be a reduction in the expenditure on the one hand and a rise in the receipts on the other and in that way you can make the thing pay. The Honourable the Finance Member will see that postal service is effected even at the expense of general revenues in other countries. There is a large contribution from the general revenues I understand in the United States of America for postal service. It is not always a safe axiom that you should act upon that the postal service should be self-supporting; but, on account of the stringency of our finances, we in the year 1921-22 agreed to the increase of rates because we wanted the service to be paying. But now that we are in a position to pay for our other expenses and our

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general revenues are in a good condition I think the time has come when the general revenues should bear a portion of the burden of this postal service also. It is not objectionable from the finance point of view that the general revenues should bear a certain proportion of the cost of the postal service. After all, it is a public utility service which you do for the benefit of the people. By all means if you can manage it, let us manage it by making it pay its own way. But are there not other political considerations which a wise statesman has to take into account? Are you going to stick merely to financial theories and say that it is not paying its way, that although the Post office brings in Rs. 20 lakhs profit the Telegraph Department is working at a loss and on the whole it is not paying its way and therefore you cannot reduce the rates? Is that a sound view to adopt? The Honourable the Finance Member will throw it up to us that we are making an electioneering cry. I do not deny its value. On the other hand, in the interests of the Government themselves I would say, "Give us a political asset to go upon". I do not want to conceal it from the Government Benches. What is it that we have to go with to the country? Are we to go empty-handed and tell the people, "Look at the Dehra Dun College. Look at the Royal Indian Navy with the White Ensign as my Honourable friend, Mr. Burdon would put it." What do they know about it? Do the poor villagers, the poor people, know anything about it? How many of them have seen the sea, how many have seen a ship and how many can recognise the distinguished Union Jack from the rest, or the White Ensign from any other flag? After all, we wish to go to the country with an electioneering cry which will catch the imagination of the people. It will not only help the people who have co-operated with you—it is our hands which helped you in putting on these rates, you must remember that. We assisted you in increasing the rates in 1921-22 and we did not hesitate to do it though it was an unpopular measure. We agreed to it. And why? Because we found the finances of the country were at a very low ebb. Now that the finances of the country can afford to give this relief to the poor people, why should we not start with that? I do appeal to the Honourable the Finance Member—unfortunately he is not the Home Member. If he were the Home Member he would be feeling the pinch of it every day. When cuttings from various newspapers are sent to him and he has to read them and weigh them, then he will look at the matter from another point of view. But to the Finance Member closeted as he is with all his financial surroundings, his financial axioms and financial maxims all these do not appeal.

**The Honourable Sir Basil Blackett:** Does the Honourable Member imagine that I do not have to go through the cuttings from newspapers?

**Diwan Bahadur T. Rangachariar:** Yes, he goes through extracts from trade journals or commerce journals, such as the *Capital*, the *Economist* and the *Statist*, but if he sees translations of the vernacular writings throughout the country he will find how unpopular we are with the country. We share your unpopularity. Being here to assist you in carrying on the government of the country we have become unpopular with our own people and you have only to see the comments on the last constitutional debate we had in this House. After all, you must remember that the Indian newspapers in the country more or less take one point of view. There is not a single newspaper which will say a good word of us. They cry us down for our sense of responsibility, for our sense of constitutionalism and all



that rubbish as they call it. We do not say it is rubbish. It is because we feel, the thinking section feel that it is not rubbish that we are here even at the risk of unpopularity. It is very cheap to get popular if we join the popular cry. We do not want to do that. We give you discriminating help. We give you obstruction whenever it is necessary. We oppose you whenever it is necessary and we give discriminating co-operation to you in order to see that the country really progresses. We have given it where we have felt the weight of it and when we see that you can safely have it. If you ignore us, you not only make yourself unpopular but make it more difficult for you to carry on the government of the country. You must remember that those days are gone when the Executive Government or the Governor General could defy public opinion. Those days are gone, are ended and you cannot defy public opinion now. You have to respect public opinion and I may say that if you are not able to effect this end, you and I will have to part company with the public; at any rate, I will not be able to face my electorate in the teeth of opposition and I have great doubts whether I will be sent back although last time I had not that doubt. The time has really come for us to make a start because we have made ourselves unpopular by imposing these heavy rates, railway rates, postal rates and an additional burden of Rs. 89 crores of taxation. If you turn a deaf ear to it, I am afraid you will be doing a great injustice to the people and I appeal to the Honourable Member in charge to see his way to do it by cutting down expenses. We will try to help him in effecting economy in other directions. There may be other ways in which means can be found for making this department work efficiently. There is no fear. After all it will be a loss of 50 to 60 lakhs at the most. Having regard to the rise which I anticipate will take place on account of the reduction of rates, I do not think you will incur a loss of more 50 to 60 lakhs, and this can be made good in other ways. There are sure to be savings in the Military Department. The Military Department is bound to come to our rescue. We must thank His Excellency the Commander-in-Chief for the cuts he is making year after year. It is going on at a progressive rate. We congratulate him on that and I expect much larger reductions on the military side. I am sure Mr. Burdon will co-operate with us in this matter and bring down the military expenditure. It is possible to do it. There are various sources of wastage. You need not discharge the men. You need not reduce their pay and allowances. There are leakages in various directions. If you stop them, I am sure you will be able to save a lot. It requires more effort, more attention. I am sure next year, the Finance Member will come to this House and say that he has 8 crores surplus to dispose of. If I am here, I shall hear that welcome news. I have put the matter on the most selfish of grounds. I have put it on political grounds, on grounds which must appeal to the Government. If they want to be popular with the people, we, as your friends, appeal to you to take a broad view of these things and make a beginning and show to the people that it is only on account of financial stringency that you were compelled to increase the postal rates but that when your finances are safe you are prepared to go back to the old rates. With these words I commend this motion for a three-pie post card.

**Sardar V. N. Mutalik:** On a point of personal explanation, Sir. I entirely dissociate myself with the sentiments expressed by Diwan Bahadur Rangachariar that it is only for the sake of the elections we have brought forward this motion.

**Mr. President:** That is not a personal explanation.

**Khan Bahadur W. M. Hussanally** (Sind: Muhammadan Rural): My friend Diwan Bahadur Rangachariar has made a very fervid appeal to the Honourable the Finance Member and I am afraid he has wasted his breath all the time in appealing to him. So far as the Finance Member and the Industries Member are concerned they have declared their policy when introducing the Budget. Does Diwan Bahadur Rangachariar expect that they will go back upon what they said? Does he not remember that the Finance Member said that high taxation contributes to the prosperity of the country? I entirely agree with my friend who has proposed these reductions and would certainly vote for them, but situated as we are, after our friends left us, we are in a hopeless minority and we expect nothing from gentlemen to my left. The first thing that has to be considered is whether the Telegraph and Telephone Departments are to be made self-supporting or not; or whether the Finance Member and the Industries Member wish that the Telegraphs and the Telephones should be supported at the cost of the Post Office. That is a point that must be cleared up. When the Telegraph Department was separate from the Post Office, I believe the Honourable Sir Bhupendra Nath Mitra will admit that that Department used to be self-supporting. Ever since the Telegraph Department has amalgamated with the Postal Department the expenses of that Department have grown and they eat up all the income from the Postal Department. That has been admitted. Moreover, the appointments in the Telegraph Department are reserved for Anglo-Indians and Europeans and they draw very much higher salaries than would be the case if Indians were employed in large numbers. That is another matter upon which a clear policy has to be laid down by Government, whether they are going to Indianise the Telegraph and Telephone Departments and reduce the pay of the staff in those Departments. So far as the Postal Department is concerned, we know very well that the staff of that Department has been starved for years past and there have been complaints almost every Session. Recently a deputation of postal employees came here and asked us to intercede on their behalf. And Sir Bhupendra Nath Mitra has admitted some of their complaints to be legitimate and he has tried to remedy those defects in the Budget which is now before us. That shows how poorly postal staffs are paid all over the country, whereas so far as the Telegraph and Telephone Departments are concerned, they are eating up the income of the Postal Department. If the Telegraph and Telephone Departments are separated I dare say there will be no difficulty in reducing these rates which we all demand with one voice. I have repeatedly said that this rate of one anna for 2½ tolas only benefits the mercantile class, be it European or Indian, and it is on that ground that the merchant Members on this side like to keep these rates. With all deference to them, I trust they will permit me to say so because they transmit heavy paper with a large quantity of writing. Therefore these rates come cheaper to them. For instance I employ thin paper. My letter would hardly be half a tola, whereas the merchant writes a good deal on thick paper. Therefore, comparatively speaking, he has to pay much lower postage than what I do. That is a point which has to be considered as well. Then, Sir, Government uses those small posting labels which do not cost them anything. (*Some Honourable Members:* "No. It is exactly the same.") Do I understand that the rate has been reduced?

**The Honourable Sir Basil Blackett:** We have commercialised the accounts.

**Khan Bahadur W. M. Hussanally:** Commercialisation of accounts is only a plea to keep up high rates so far as we are concerned. We know what the commercialisation of accounts means. However, there are all these considerations, Sir, for reducing these rates and I shall certainly vote with my friends, though we are in such a hopeless minority that we cannot hope to win.

**Mr. K. Rama Aiyangar:** Sir, I want the Government in this matter to take up a stand clearly after considering the arguments that are placed before them by this side of the House. Paragraphs 64 and 65 of the Honourable the Finance Member's speech deal with this question. One can easily see that he has fought hard to make a complete case for the Government not to yield in this matter. He has also added the statement that it is better that we should cease to delude ourselves with unrealisable hopes and should set ourselves to secure the maximum efficiency. He stated further:

"Unless therefore the future holds out the prospect of a considerable further fall of prices to at least the 1914 level—a development which would probably be undesirable in the general interests of India's prosperity—we must admit the logical conclusion that the day of the 3-pie postcard and the 6-pie letter is past beyond recall."

Those are the words he uses. I submit, Sir, that under these circumstances if we now again try to press it, it is in the hope that he will after making that speech keep an open mind, and judge of the position as we place it before him. I make that request in the hope that he will treat this not as a matter of mere commercialisation, as he has tried to do by taking advantage of everything and debiting the Department as much as possible without giving it credit for all the work done by it. I dare say he will follow each argument and change his decision. But let him not reject the demand and that, because conditions have changed, prices have increased and the cost of establishment has increased, he cannot go back to the one pice postcard and the six pies letter. Let him give up that argument and judge of the position as a whole and see that this important department of the public service is not merely made a machine for making some money for the general revenues in some form or other; and also see whether it is not deserving of much more credits and much less debits than are now put against it. That is the position I am placing before him, and as I said, I want an open mind.

The most important of these questions is that within the last two years peculiar charges have been debited against this Department. I gave an opportunity to the Honourable Sir Bhupendra Nath Mitra, in the course of a discussion of my motion for a hundred rupees cut in the Demand, to explain what steps he had taken to consider the credits which might rightly be made in favour of the Department and the rightful debits. Unfortunately, Sir, he has not given a reply which to my mind is satisfactory and I hope the Honourable Members on this side of the House will all join with me in thinking that he has not done his duty by the country and the tax-payer. My point is this. In referring to five or six items, the items that I took up, he told us that he had left it to certain officers of the Department to decide, and he himself was not going to worry himself about their decision.

**The Honourable Sir Bhupendra Nath Mitra** (Member for Industries and Labour): Entirely wrong. Will the Honourable Member mention the 5 or 6 items.

**Mr. K. Rama Aiyangar:** I am quite prepared to be saddled with remarks by Honourable Members on the other side, because I am quite accustomed to them, every sort of unworthy criticism and loose remarks also. But that is what he said. He referred to the Accountant General and the Auditor General and to certain other officers, who he said had found out the figures for him and he was not going to trouble himself about the accuracy of those figures because those officers, rightly he presumes, have done their duty by the Department. But I am going to show, Sir, that there is a *prima facie* reason for his looking into the matter, and I refuse to concede that even the Finance Department is entitled to make new debits and take new credits over and above those which have been debited and credited for years past, without giving an opportunity to this House to examine the method of calculation. It was because of that I raised that contention, Sir, and I certainly deplore the statement of the Honourable Member that he left it to other officers to decide and was not going into it himself, and I contend that he ought not to take that attitude in respect of these matters. That is the position I ask must be taken into consideration. I will come to each item. He told us that with respect to the marine subsidies and free service tendered to Indian States—and the statement I made was that the previous Administration Report showed that a credit was given to this Department under this head . . .

**The Honourable Sir Bhupendra Nath Mitra:** In the Accounts?

**Mr. K. Rama Aiyangar:** In the Administration Report. (The Honourable Sir Bhupendra Nath Mitra laughed.) I am very glad that my friend laughs over an Administration Report published under the authority of his Department. If he is going to have a laugh, let him justify it and not treat it with the contempt that he has treated it with. In the Administration Report of 1923-24, at page 24 there is a credit shown of Rs. 4,48,000 in one case and Rs. 9,19,000 in another case—I leave out the odd rupees. These items have now been cut out, I do not know why. I asked him to explain this and he told us the accounts never contained them. If the accounts did not contain them and the Administration Report did contain them should there not be an explanation? Does he care to give an explanation?

**The Honourable Sir Bhupendra Nath Mitra:** I gave an explanation.

**Mr. K. Rama Aiyangar:** I was not able to hear it; however I will have it once more. The services rendered in connection with those two matters must be accounted for. If they are that is a matter which will require adjustment; but this House is entitled to know the details, by what authority, under what circumstances and by what examination, did they come to the conclusion that these two credits should not be given to the Department in future.

Then another new entry made is the one relating to pensionary charges. They were put at Rs. 38,60,000 till the Budget of 1924-25. But later on we find them put at Rs. 50,29,000, giving a difference of very nearly 16 to 17 lakhs. That again deserves an explanation. What method was adopted in arriving at this figure? It will not do to say that some of your departmental experts came to that conclusion. We are not satisfied with that at all. It is taking away 17 lakhs from the Postal Department: we want to know why it has been taken away and how the calculation is

made for arriving at 50 lakhs, and why this calculation was not made till the year before last. That deserves an explanation. A mere bald explanation given on that score will not do, because it must also be explained why the commercialization of the accounts necessitates this extra charge. If it is said that in previous years this was not looked into in that fashion but later on items were brought under this head, it is proper to show which are the officers whose pensions were not given a debit to in this account till the year before last. Was there any account given to this House to enable it to know what kind of charges were added within the last two years? That deserves an explanation. The first item that I see mentioned gives about 14 lakhs credit struck out.

The third point that I refer to is the recent change in the charge to the Civil Departments share of stamps. That is one of the most curious portions of it. It was 19 lakhs till the other day, within 1½ years: it is now Rs. 47,89,000. About 28 lakhs have been added to it. I stressed it more than the others the other day: it is in respect of that that my Honourable friend said that it was done by certain other officers . . . .

**The Honourable Sir Bhupendra Nath Mitra:** Nothing of the sort.

**Mr. K. Rama Aiyangar:** If he has looked into the details and he has satisfied himself, I want to know, but I have tried to calculate the amounts in my own way, which I am sure will meet the vague remarks from the other side, without their position being explained, that "it is all wrong calculation." That they will say very easily,—of course their remarks now are not so pungent as they were some time ago. The position is this. Working out the ratio for the whole of the Postal and Telegraph stamps and the receipt stamps, it is said that it works out to 1 to 11·8 in the way they have given credit to it: if 47 lakhs are given credit to for this, the total revenue of the Postal Department comes to only 11·8 = 547 lakhs. I take in all these calculations the amounts mentioned in the 1924-25 Report because that is the latest figure about which we can be now sure. Now I ask the question whether the whole of the postal income to the receipt stamps income is to stand in the ratio of 1 to 11·8? If you give 47 lakhs of credit for the civil stamps, you are giving for every one anna credit 11·3 annas for the whole of the postal work. I ask, if it is so, out of 9 and odd crores of expenditure for postal work and telegraph work, do you take 1/11ths of it for charging the civil side of the revenues for stamps? I ask that question. If you remove the telegraph side, if you take the postal expenditure alone, it comes to about 6 and odd crores: if you take both together, it is 9 and odd crores. Do you charge 1/11th of this for realizing that income of 47 lakhs? Do you arrive at 47 lakhs as the net amount payable to the civil side, while up to now you treated it as 9 lakhs? If so, why don't you leave the whole of the work to be managed by the Revenue Department for receipt stamps? What would be the establishment that will have to be kept for that purpose, and what would the actual cost of manufacturing those stamps for them be? And what would the consequences be for the profit for that Department? The whole of that work is done by the Postal Department. The charge for the preparation of the stamps is incurred by the Postal Department, but credit is given to 47 lakhs, as I say, 1/11th of the total credit for stamps for the Postal Department, for the whole of the work that it is doing: the sale of the one anna stamps for receipts is also done by the postal staff, and it is distributed between all these, and are we to permit this 19 lakhs

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being increased to 47 lakhs without any explanation on the part of the Government? I submit, Sir, the only proper way to deal with it will be to allow the receipt stamps to be maintained by another Department, which really is given credit for that. If on the other hand you make the Postal Department give credit to it, charge on a ratio taking note of all these points, and the effect will be that you will come to the same 19 lakhs or probably a little more or less . . . . .

**The Honourable Sir Basil Blackett:** I should like to be able to follow the Honourable Member, but I suppose it is not possible. The calculation is that if we charge 47 lakhs to the Post Office for stamps sold to the Provincial Governments to be used for revenue purposes, we ought to charge the Local Governments 47 lakhs for not carrying the stamps? What are we to charge the 47 lakhs to the Local Governments for?

**Mr. K. Rama Aiyangar:** The one anna receipt stamps are prepared by the Postal Department. A charge is made against the Postal Department for the cost of the preparation of the stamps. The cost of the sale of the stamps throughout the country is also incurred by the Postal Department, by the postal staff. Both these works ought to be charged for against the revenue that you say can be given credit to to the civil side.

**The Honourable Sir Basil Blackett:** It is so charged already.

**Mr. K. Rama Aiyangar:** This 47 lakhs gives the proportion after that charge. Is it so?

**The Honourable Sir Basil Blackett:** The proposition is that the whole expenditure of the Post Office is on selling stamps, and that it otherwise costs nothing?

**Mr. K. Rama Aiyangar:** I am not here to explain that this is to be equally divided or not; I should like the Honourable Members on the Government Benches to explain what charge you are making for that work, and what credit is given to it, what is the total value of the receipt stamps sale, what is the debit you make for the total value of the receipt stamps to departmental expenses—both the preparation of receipt stamps as also the sale of such stamps, what is the net credit you give to the civil side? All that is for you to explain. I do not argue at all on the results. I say, when it is actually 1/11th of the total receipts, you should charge properly. My friend argues that the whole work is being divided into certain ratios. If 1/11th of the income is actually given away to that, is not 1/11th of the work to be charged to that head? They may give a credit to that, which may be a small proportion. If you take 60 lakhs as the actual cost and take 13 lakhs for the cost of receipt stamps prepared, as also the other work done for receipt stamps as well, then 60 lakhs for 547 lakhs of total revenue will not be in the ratio of 1 to 11 but will be something more, a bigger ratio, and that will mean a greater charge to unified stamps. Therefore I submit, Sir, I am not at all convinced, and I do not think the Honourable Member for Industries has discharged his responsibilities to this Assembly by the statement that he made the other day about this.

The next important head that I take up, as I said the other day,—I moved the Resolution formally and I had not the right of reply and I have therefore now to take it up in detail here—is the question of the value

of the stamp revenue credited to the Postal Department. I gave also the method that I used to calculate the total credit that ought to be given if all the postal articles referred to in the Administration Report are charged at the lowest rate. That is, the card is taken at half an anna, the letter is taken at one anna though there may be many letters paying more than one anna, and a quarter anna is taken for newspapers, half anna for unregistered packets, 4 annas for parcels and the insurance amount of Rs. 22 lakhs as such as is given in the Director-General's Report. The total of such calculation comes to 627 lakhs, but the actual credit is 547 lakhs. The money could not go anywhere; it will be in the Telegraph Department, or it must be so disbursed that the full credit of 627 lakhs is not given to the stamps that are sold on the postal side. That is the point that I raised and then how could one be satisfied if this is the calculation that is to be made, unless reasons are given by the Government why the full credit of the lowest value of all these articles should not be given to the Department? I understand, Sir, that in big corporations, big municipal towns, there is a system of allowing cash payments for postal work done. I have not been able to gather from the reports the total amount of cash realised for that work. Money order commission and other items are also paid in cash. I think they are given certain concession rates; I cannot at all trace it from the papers. I should very much like to have that information from the Government; but the allowance that has been made for charging each one of these articles referred to in the Administration Report at the lowest rate, will make much more than amends for any credit that might be taken to the Postal Department for such cash payments. Therefore the examination of the allocation of the stamp revenue between the Postal and Telegraph Department must be made regularly and to the satisfaction of this House. If necessary the whole of the method of working under each of these heads must be available to this House, so that there may be no unnecessary suspicious impression on this side of the House about how these allocations are made. That is my next point.

Then I ask again if credit is given to the work done by the Telegraph and Postal Department for political and military purposes. There are various stations where work is done which are not really paying; they are kept up because they are needed for political and military purposes. Is credit given to all that money that is expended on behalf of the general revenues? General revenues must maintain them and whatever establishment and at whatever cost have to be maintained will have to be accounted for by the general revenues. Is credit given for that? There is no credit given as far as I can see. If it is not given, what is the total work done like that? What is the total extra cost borne not only on establishment but also by contingencies, by travelling allowances, house rent allowances, by interest on buildings, put up for such purposes and by similar other heads that have to be tagged on to that kind of offices which really are losing concerns. The whole credit of it must be given to the Postal Department by the general revenues. Is anything done in that direction? If it is so, how have you calculated this? What is the total cost of such offices and what is the total annual recurring and non-recurring cost? What is the total number of buildings maintained like that? What is the interest charge to that portion? Let all that money be paid to the Postal Department. When you not only do not keep quiet, but go on debiting 66 lakhs by recent accounts after 1921-22. as was pointed out by my Honourable friend Mr. Neogy, when you have begun charging 57 to 66 lakhs as interest on property which has been acquired by the revenues of the country and the tax-payer.

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when you have begun that, are you not to give credit to all that expenditure? What is the total amount that will be available under all the heads if that was done?

Another point was made by the Honourable Sir Basil Blackett yesterday that the interest charges really cause a deficit more in the Telegraph and Telephone Department than on the postal side and I raised the question, Sir . . . .

**The Honourable Sir Basil Blackett:** On a point of order, Sir, this is all repetition of what we heard already last week and I suggest that these are unnecessary repetitions.

**Mr. President:** The Chair is not satisfied that the repetition is of such a character as to require the Chair to interrupt the Honourable Member.

**Mr. K. Rama Aiyangar:** Sir, I will only state my conclusions without repeating arguments. I also drew the attention of the Government to the fact that the Savings Bank Department amount must be given greater credit and I also drew the Government's attention to the fact that the charge to telegraph revenue from the combined offices on the postal side was not proper also. These are the various points that I place before the House and I say this charging of interest to these Departments must be relieved when you take into consideration the work or the benefit that you can confer on the people.

Now, I will come to my Honourable friend Mr. Rangachariar's statement. I will appeal to the Honourable Sir Basil Blackett to see that some reduction is made in the taxation of the country. I do not put it for an election campaign. I do not think it ought to be so at all, but we owe a duty, having been here these three years to fight this matter, to have something done by the Government, and let it not appear . . . .

**Sir Darcy Lindsay** (Bengal: European): Cotton excise.

**Mr. K. Rama Aiyangar:** It is a great mistake to refer to it; cotton excise ought to have been relieved three years ago when you had 6 crores to pile up in 1923-24 and 5 and odd crores in 1924-25; and in this year my Honourable friend said there was no money, but the revised estimate shows the balance will be 130 lakhs, of which 50 lakhs is proposed to be given to the Archaeological Fund. We shall do it next year. I have no objection to have it, but there will be no difficulty for the Honourable Sir Basil Blackett if he only wants to find the money. These are all various questions that arise. I do want something done. I will be quite content if postcard rates are lowered as I said the other day, but something must be done; I do not think it shall be pleaded by the Government that they could not do it.

(Some Honourable Members moved that the question be put.)

**The Honourable Sir Bhupendra Nath Mitra** (Member for Industries and Labour): Sir, it will probably be better for me to begin with my Honourable friend Mr. Rama Aiyangar. We have heard from him again a series of figures; but on a previous occasion I warned the House, and gave my reasons for my warning; that his figures should be taken with a certain



amount of caution. In his speech to-day he said that he had asked me certain questions on a previous day when we were voting on the Demands for the Post and Telegraph Department, that I could not give him proper information, and that I admitted that I had taken the figures or calculations supplied to me by various authorities on trust. Now, Sir, I have taken down the items which Mr. Rama Aiyangar referred to a little while ago. They are: *first*, share of marine subsidies; *secondly*, charges against Indian States; *thirdly*, pensionary charges; *fourthly*, civil departments' share of the combined revenue from the unified postal and revenue stamps. Then the Honourable Member went on to talk about the share of stamp revenue credited to the Postal Department, credits to the Postal Department for cost of offices at political and military stations, credit from the savings bank deposits, and also credits to the Postal Department for a larger share of the charges of the combined offices. Now, Sir, to the best of my recollection,—and I am pretty certain that the House will corroborate me—of all these numerous items which have been flung at me at this late stage, the only items about which the Honourable Member asked for information the other day were share of marine subsidies, services rendered to the Indian States, and the Civil and Postal Departments' shares of the combined revenue,—I think that was all; and I gave my Honourable friend full information in regard to these items. I told him that in the case of marine subsidies and services rendered to the Indian States I had myself examined the matter and had come to the conclusion that it was not possible to secure any credit. I explained to him also the position in regard to the Civil and Postal Departments' shares of revenue from the unified stamps. The Honourable Member was apparently satisfied as he withdrew his motion. The Honourable Member's argument to-day is perfectly unintelligible. His point, as I understood it, is something like this. If the civil department is to be given one-eleventh of the total revenue from these stamps, it should also be debited with one-eleventh of the expenditure of the Postal Department. The argument of course is unanswerable! It is undoubtedly unintelligible to me.

Now, Sir, that leads me to the general question on which my friend Mr. Neogy spoke with a certain amount of fervour yesterday. That is the question of the maintenance of commercial accounts in the Postal and Telegraph Department. Mr. Neogy seemed to think that all this has been done by Government with a certain purpose. Well, Sir, I was looking into the debates of previous years and I found that Mr. Neogy among others had at a certain stage expressed a great anxiety that the accounts of this Department should be maintained on a commercial basis. I shall quote a few passages from one of his speeches on the 12th March, 1924. This is what he said:

“ Sir, talking of the Telegraph Department reminds me of the fact that the system of accounts that used to prevail in the Postal and Telegraph Department was in a chaotic condition so long, and I am very glad to learn that a system of commercial accounts has been introduced with effect from last year. I do not object to commercial accounts being kept so that we may know whether a particular department is working at a loss or profit.”

Now, Sir, that was the view which he held; and it would be possible for me to quote similar statements made by various other Honourable Members in this House. As a matter of fact the idea of introducing commercial accounts started as early as 1921, because it was very difficult to come to any reasonable conclusions from the accounts on the one hand—the Finance and Revenue Accounts—and the figures given in the Administration Report

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to which my friend, Mr. Rama Aiyangar, referred. I shall quote what Sir Malcolm Hailey said in this connection on the 1st March, 1921 :

" It has not hitherto been easy to say precisely what we are making or losing over the administration of our post offices, as our general accounts do not show as debits to or credits to the post office certain items of expenditure and revenue, which if the accounts were kept on a strictly commercial basis would appear therein. The administration reports of the department do indeed attempt to work out the profit and loss; but you cannot place too much reliance on the figures."

What Mr. Rama Aiyangar now suggests is that we should place a great deal of reliance on the figures in the old Administration Reports and that is my difficulty with him. If you look at the figures given in the administration reports of the past, you will find that there was a debit for pensionary charges, and there were debits and credits for various other items mentioned by Mr. Rama Aiyangar, though these did not appear in the Finance and Revenue Accounts. Since the introduction of the commercial accounts, every one of these items has come under review, and for those items for which credit or debit is legitimately permissible, the necessary credit or debit has been afforded in the regular accounts of Government.

Now, Sir, I was a bit puzzled yesterday at the outburst on the part of my friend, Mr. Neogy. But when I came to the following sentence in the very speech from which I have already quoted, I arrived at the real explanation. This is what he said then :

" I make bold to assert that the Post Office has been subsidising the Telegraph Department, and when the rates were raised in 1921-22 the postal rates were expected to give a handsome subsidy to the Telegraph Department, and I am sure when the commercial accounts are complete this statement of mine will be wholly borne out. (An Honourable Member: 'It has been.') My reading of the position is that we had to sacrifice the pice postcard for the purpose of keeping up the Telegraph Department."

Now, Sir, the commercial accounts have not proved Mr. Neogy's anticipation. They do not show that there is such a large surplus in the accounts of the Postal Department by itself as would enable us to go back to the one pice postcard rate. There may be just a small profit, but it is not a handsome subsidy, and there is no chance of going back to the old postcard rate. (An Honourable Member: "It is some subsidy.") Therefore Mr. Neogy now says " I will have nothing to do with these accounts. They have been badly prepared: I will have nothing to do with this commercial system." (An Honourable Member: "Nobody says that.") I shall say another word about these accounts. In view of the fact that there is so much anxiety that these accounts should show a particular result, namely, that in the postal compartment they should show a handsome profit which might be used for example to bring back the one-pice postcard, was not our action fully correct in leaving the primary settlement of the allocation to people who are certainly in a better position to do it than perhaps this House as a whole is? Neither the Auditor General nor the Accountant General who make these allocations are in any way interested in the results. They do not care whether the result shows a small profit in the postal compartment or a large profit. They simply record the figures; and I think it is only proper that when the figures have been compiled, they should be examined not by this House as a whole but by its Committee of Public Accounts. If that Committee want to have any information, they can at any moment call for that information and they may examine how any particular figures

have been arrived at. There is no use in my friend, Mr. Rama Aiyangar trying to place before us strings of figures perfectly unintelligible and then trying to get something out of us on the floor of this House.

Now, Sir, I come to the more important point. What was the main reason which led us to increase the postal rates in 1921 and in 1922. My Honourable friend Sir Hari Singh Gour, who has moved an amendment to-day, said that the principal reason was, at least from his point of view, to help the development of rural facilities. Now, Sir, I hope the House will bear with me if I give it an extract from his speech on the 18th of March 1921. This is what he said then in connection with the Indian Finance Bill for that year :

"I am not quite at one with my Honourable friend Mr. Seshagiri Ayyar when he says that the Post Office must be run as a public benevolence. My own view of the matter is that the Post Office must be run no doubt for the benefit of the public, but a serious attempt must be made to see that the Post Office pays its way. The Honourable Mr. Majumdar who spoke on this subject complained and complained truly of the backward state of the post office in the rural areas. For days and sometimes for weeks letters are not delivered. How can you expect improvement in a department which is a losing department? I therefore submit that so far as the post office management is concerned it must be conducted on business lines, and I should be the last person to make it run as a charitable institution or as an institution intended for the benefit of the public at large. I see no reason why, if I have to send my letter by post for my own convenience or the convenience of the addressee, somebody else or some other Honourable Member should contribute his quota to the cost of carriage of that letter. It is my work and I must pay for it."

Now, Sir, I was very glad to come across those remarks, because, if I may say so, these observations furnish me with the strongest support to the policy which Government have consistently followed in regard to the Indian Postal and Telegraph Department. On several occasions, I have explained what that policy is. It is hardly necessary for me to repeat my statements and I have no doubt that all Honourable Members know what that policy is. Well, my friend Sir Hari Singh Gour is not the only Honourable Member who has in the past expressed fullest concurrence with that policy. My friend Mr. Venkatapatiraju on the same occasion said this :

"I do admit, Sir, that the post office should not be run as a charitable institution . . ."

**Mr. B. Venkatapatiraju:** That was in 1921-1922.

**The Honourable Sir Bhupendra Nath Mitra:** That is right. I can quote many other Honourable Members. I shall be able to quote my friend Mr. Das and many others, but I shall leave it at that. I know at the same time that certain Honourable Members on the other side,—probably their number is very small—have on occasions expressed the view that the Post Office should be run as a benevolent institution . . .

**Mr. B. Venkatapatiraju:** Who ever said it? Nobody says so.

**The Honourable Sir Bhupendra Nath Mitra:** I am very glad to hear that nobody says that the Post Office should be run as a benevolent or charitable institution, because that will strengthen my arguments later on. I know that, on the other hand, my friend Mr. Joshi has other views. He wants the Post Office to be run as a human institution. The other day he wanted us to incur about 60 lakhs of extra expenditure on the postal subordinates. Now, Sir, we have tried to arrive at what I may call

[Sir Bhupendra Nath Mitra.]

a reasonable mean between these divergent courses which have from time to time been proposed. We try to provide a reasonably efficient service at a cost which will keep the staff in a reasonable state of contentment, as we have urged several times on the floor of this House,—I think Sir Geoffrey Clarke brought it out on several occasions, and I am afraid I cannot do it so well as he did,—this Department provides facilities much better than in any other part of the world and its reputation for efficiency stands very high throughout the world.

Now, Sir, what will be the effect if we are to accept any of the numerous amendments which have been placed before the House to-day? There seems to have been some confusion about the figures. My friend Mr. Kabeerud-Din Ahmed, whom I do not find here now, said that the profit on the postal side in next year's Budget amounts to 29 lakhs. Well, he was probably quoting from the materials which he had collected for his previous speech and which he had forgotten to correct after he had received the new Budget. Well, as it is, the surplus in the postal compartment for 1926-27 is only 19 lakhs; and as the cost of the least expensive proposal which is placed before us, namely, that of my friend Sardar Mutalik, about the 1½ pice postcards will be at least 40 lakhs, it is obvious that we shall not be able to introduce that measure without paying a subsidy from the general tax-payer to the Postal Department.

**Sardar V. N. Mutalik:** Do not charge interest.

**The Honourable Sir Bhupendra Nath Mitra:** A form of subsidy! I think it will be desirable for me at this stage to give the cost of the numerous proposals which have been placed before us. My friend Mr. Kabeerud-Din Ahmed wants that we should charge for a weight not exceeding one tola, half an anna, and for a weight exceeding one tola but not exceeding two tolas and a half, three quarters of an anna. In regard to these reductions, there is one point which I think I tried to impress upon this House the other day, and it is necessary for me to draw the attention of Honourable Members to it once again. It is the experience of the postal department all over the world that if you reduce the initial weight of the articles and the initial rate for that weight, the bulk of the traffic almost immediately tends down to that initial limit. I find that so far back as June 1898 the Post Master General, Bombay, expressed the following opinion:

"For the revenue of the Indian post office, it is an unfortunate thing that a half-anna rate has been considered necessary for the poorer classes of the country. It is habitually used by the large majority of those who are well able to pay the higher rate, and the notepaper chiefly sold in the European shops is adapted to this rate. The idea that the wealthier classes would use the one anna one tola rate and leave the half anna half tola rate to their poorer brethren is fanciful and illogical and has left India with a more anomalous scale than most civilized countries possess."

This was written in 1898.

**Mr. K. Ahmed:** That shows that you have not developed your experience, since then.

**The Honourable Sir Bhupendra Nath Mitra:** Will the Honourable Member kindly wait? Now, Sir, the opinion expressed in 1898 was fully supported by the experience gained in 1921. In that year the Government of India in deference to the wishes of the Legislature retained at half anna the

postage for weight not exceeding half a tola and raised to  $\frac{1}{2}$  anna the postage for weight exceeding half a tola but not exceeding one tola, the rates from 1 to  $2\frac{1}{2}$  tolas and for every additional  $2\frac{1}{2}$  tolas or fraction thereof being retained at the rate of one anna in either case. The result was that the traffic carried at the initial rate of half anna was found to be about 80 per cent. of the total traffic. The traffic carried at the next higher rate of 9 pies was 10 per cent. of the total, and the traffic carried at each of the two highest rates was only 5 per cent. of the total. All this information was given to the House by Sir Geoffrey Clarke on previous occasions and so the House has no reason to complain that they had not the information in their possession.

**Diwan Bahadur T. Rangachariar:** Come to the three pies postcard and tell us about that.

**The Honourable Sir Bhupendra Nath Mitra:** Now, Sir, on the basis of the present volume of traffic, Mr. K. Ahmed's proposal—item 9 on the notice of amendments—will cost about Rs. 150 lakhs.

**Mr. K. Ahmed:** Deal with Mr. Rama Aiyangar first, the point about the fallacy, and then come to that conclusion.

**The Honourable Sir Bhupendra Nath Mitra:** There is no fallacy, Sir, I am simply giving the House estimates of the cost of the various proposals before the House.

**Mr. K. Ahmed:** He puts you out of the rule of excluded middle.

**The Honourable Sir Bhupendra Nath Mitra:** I would ask my Honourable friend to settle that matter with Mr. Rama Aiyangar.

**Mr. K. Ahmed:** You settle it. It is for you.

**The Honourable Sir Bhupendra Nath Mitra:** Now, the cost of the proposal made by my friend Mr. Venkatapatiraju . . . . .

**Mr. President:** Order, order. Mr. Venkatapatiraju has not moved any amendment. He has merely made a suggestion.

**Mr. K. Ahmed:** The Honourable Member probably thought that Mr. Raju would speak and so my friend Sir Bhupendra Nath Mitra is speaking from manuscript.

**The Honourable Sir Bhupendra Nath Mitra:** I am not speaking from manuscript, Sir. I am simply giving estimates of the various proposals.

**Mr. K. Ahmed:** Why do you deal with Mr. Venkatapatiraju's amendment then?

**The Honourable Sir Bhupendra Nath Mitra:** I had these estimates worked out before I came to the House.

**Mr. K. Ahmed:** The Honourable the President tells you not to deal with it as Mr. Raju did not speak. (*Cries of "Order, order".*)

**The Honourable Sir Bhupendra Nath Mitra:** In regard to the reduction in the postcard rates, the cost of the proposal made by Mr. Mahmood Schamnad would be Rs. 86 lakhs a year and the cost of the next proposal, that of Sardar Mutalik, would be half of that, i.e., 43 lakhs.

**Sir Hari Singh Gour:** Just now you said 40 lakhs, and now it has gone up to 48 lakhs.

**The Honourable Sir Bhupendra Nath Mitra:** When I said that, I gave a round figure. I am now giving a more precise figure. The figures which I have given are based on the volume of traffic which we expect to be carried in the year 1926-27 according to our budget estimate. I know that many of my Honourable friends opposite, including my friend Mr. K. Ahmed, expect that with the reduction in rates there will be an increase in the traffic.

**Mr. K. Ahmed:** Your formula is wrong. It is misapplied.

**The Honourable Sir Bhupendra Nath Mitra:** What formula? What is misapplied? Mr. K. Ahmed said that in dealing with this matter on the 9th of February, I had not met that part of the argument. Well, Sir, to repeat what the Leader of the House said on a previous occasion, I can only bring the horse to the water, but I cannot make him drink that water.

**Diwan Bahadur M. Ramachandra Rao:** It applies to both sides.

**The Honourable Sir Bhupendra Nath Mitra:** I can furnish the House and my friends opposite with information and with such arguments as I can produce, but I cannot instil into them intelligence. I wish to read what I said on the last occasion . . . .

**Mr. K. Ahmed:** Your tank is so bitter that no horse will drink the water.

**The Honourable Sir Bhupendra Nath Mitra:** "Many of my Honourable friends here have said that if you reduce the rates, the traffic will go up. I entirely agree that the traffic will go up, but is it seriously contended that it will be possible to deal with this additional traffic with the staff that is at present there? No, Sir." The point is that if the traffic itself becomes unremunerative, the more you add to it the more you add to the loss. It is illustrated by the story which my friend Mr. Sim gave the House the other day about selling oranges at a loss.

**Mr. K. Ahmed:** You have not reached Nagpur yet.

**The Honourable Sir Bhupendra Nath Mitra:** Now, Sir, the figures which I have given, and the information which I have placed before the House, make it clear that it is not possible for us to accept any of these motions, and to introduce the necessary measures, without the result being a subsidy,—not a small subsidy but a fairly substantial amount of subsidy,—from the general tax-payer to the Postal Department, even if you treat that department in a separate compartment. We cannot possibly grant this subsidy without interfering with the various other measures for which provision has been made in the Budget, be it the cotton excise duty or be it the relief to Provincial Governments.

**Sir Darcy Lindsay:** We have passed the cotton excise duty.

**The Honourable Sir Bhupendra Nath Mitra:** My friend Sir Darcy Lindsay rightly reminds me that the cotton excise duty has been passed and therefore it is not open to me to talk on that point.

Now, Sir, the next point with which I propose to deal is: what is really the justification for reducing this rate? I have heard a good deal about the poor man's argument, that is, that it will benefit the poor man.

**Sardar V. N. Mutalik:** It will increase the traffic.

**Mr. K. Ahmed:** If you reduce the rate it will increase the traffic.

**The Honourable Sir Bhupendra Nath Mitra:** I have dealt with that matter already. Now, Sir, I think my Honourable friend Mr. Joshi has as much claim to represent the poor man in this House as any of the other Honourable Members. I shall quote what Mr. Joshi said on the 1st of March 1921 in this House in this connection:

"Sir, I am in favour of the proposal of my Honourable friend, Mr. Jatkar "

—(viz., that there should be no increase in the postal rates)—

"I do not support it on the ground that it will fall heavily upon the poor, because, as Sir Logie Watson has said, the tax will not come to very much."

That is about the poor man's argument. Mr. Joshi, however, supported the lower rate on the ground that it would give facilities for progress and civilisation. He said:

"We want a cheap postage because India has yet to make great headway in progress. We are far behind, we want propaganda, we want education, and as a means of education, we want a cheap postal system."

Now, Sir, if you want progress, if you want education, is it important that the postal rates should be reduced before you have the means of providing education? What is the proportion of the people of this country who are literate and who can make use of your letter or post card post?

**Mr. K. C. Neogy:** It is a matter of great credit to you.

**The Honourable Sir Bhupendra Nath Mitra:** It is not a question of credit to me.

**Mr. K. C. Neogy:** To Government.

**The Honourable Sir Bhupendra Nath Mitra:** It is really the point of my argument. I explained the point some time ago. When the need for communications was pressing, when the question of opening up communications was relatively more important, Government did not hesitate to run the Post Office at a loss.

**Mr. B. Venkatapatiraju:** At a loss?

**The Honourable Sir Bhupendra Nath Mitra:** Mr. Neogy knows about that. It is evident from various documents. In the early days the Post Office was run at a loss.

**Mr. B. Venkatapatiraju:** For 50 years there was no loss. I refer the Honourable Member to the profit and loss accounts in the official reports.

**The Honourable Sir Bhupendra Nath Mitra:** I refer my Honourable friend to my Honourable friend, Mr. Neogy . . . .

**Mr. B. Venkatapatiraju:** I refer to the official records.

**The Honourable Sir Bhupendra Nath Mitra:** The official records will bear out Mr. Neogy and not Mr. Raju. We have now reached a position when there is not the same urgent need for the development of communications. On the other hand it is more important that the nation-building services should be more adequately fed and that was the reason, I should say, why my Honourable colleague on my left decided to devote to the relief of provincial contributions whatever money he could spare from his Budget.

I am sorry that in giving the various estimates I overlooked the amendment of my Honourable friend, Sir Hari Singh Gour, for the simple reason that it does not find a place in the printed agenda. His amendment about the introduction of a rate of half an anna for a weight not exceeding half a tola will cost about Rs. 135 lakhs a year. I come to his next proposal, a very novel one, namely, that we should introduce in India a letter-card and charge on it the same postage which we at the present moment charge on post cards. I gather from my Honourable friend that his object is to secure privacy in the correspondence which poor people have to carry on with their relations, etc. This proposal will be the most costly of all. There is a system of letter-cards in England, but in England the letter-card has to pay the same postage as the initial rate for letters, namely, 1½d. and the charge made for the card itself varies from ¼d. for a single card to half a crown for 100 cards. If this sum of 2s. 6d. for 100 cards represents the cost of manufacture and distribution of the letter-card, the cost of 550 million cards would be about Rs. 70 lakhs after deducting a sum of Rs. 8 lakhs which we now spend on our post cards. The measure will further be tantamount to our having a letter rate of half an anna for a weight of half a tola, that is, Sir Hari Singh's alternative proposal. The result will be that a considerable proportion of the letters now carried at the initial rate of an anna for 2½ tolas would adapt themselves to the initial rate of half an anna for the letter-card. I admit that the proportion which will so adapt itself will not be as heavy as would adapt itself to the initial letter-rate if we were to introduce a half anna half tola letter-rate, because the half-anna letter-card will not have as much space as the amount of letter paper which can go into a half-anna half tola envelope. If we assume that about 70 per cent. of the letter traffic will adapt itself to the letter-card the loss of revenue will amount to about Rs. 120 lakhs. (Sir Hari Singh Gour: "On letter-cards?") The



point is this. If we introduce the letter-card, the letter-card will practically be equivalent to a half-anna half-tola letter and in addition there will be this disadvantage to the State. The stationery in the letter-card will have to be supplied by the State. Therefore, my point is that a considerable volume of correspondence which is now conveyed by the letter post will take advantage of the letter-card post, and hence the loss in revenue from postage on letters will be about Rs. 120 lakhs. Further, on those letters in regard to which advantage is taken of the letter-card, we shall lose a further sum in having to supply the material, and that loss will be roughly about Rs. 50 lakhs. So that, all told the cost of the alternative proposal about a letter-card will be about Rs. 2½ crores. At the same time, I may mention to my Honourable friend that the letter-card is not, I understand, at all popular in England.

I shall go back to the arguments in favour of reducing these postal rates. I think I have dealt with the poor man's argument. I have dealt with the argument based on the educative value of the measure. My Honourable friend, Mr. Rangachariar, referred to the argument based on political considerations,—appealing to the electorates or to the people at large. (*An Honourable Member*: "Don't bother about it.") (*Diwan Bahadur T. Rangachariar*: "That is protesting too much.") Need I say much on this question? I shall simply repeat what I said on the subject about this time last year, because that answers the argument fully.

"The Chancellor of the Exchequer in the first Labour Ministry in England refused to allow any consideration based on the political advantage which might accrue to his party by playing to the imagination of the people, to outweigh his duty towards the general tax-payer of his country . . ."

(*An Honourable Member*: "Who said that please?") That is the comment I made. If the House desires I shall quote from Mr. Snowden's speech.

**Diwan Bahadur M. Ramachandra Rao**: I always thought that the Chancellor of the Exchequer always had an eye on the elections in England. If both my Honourable friends were responsible to this House they would certainly have an eye on the elections, just as anybody else. We know something about English political life.

**The Honourable Sir Bhupendra Nath Mitra**: This is what Mr. Snowden said on the 29th April, 1924, in the House of Commons:

"I am not in a position to make any considerable changes . . ."

**Diwan Bahadur M. Ramachandra Rao**: What about the free breakfast programme? Was it to please the electorates or the people, or was it merely for the edification of somebody?

**The Honourable Sir Bhupendra Nath Mitra**: We are now on postal rates.

"I am not in a position to make any considerable changes in the postal rates. It is true that the post office is making a profit on all its services taken together."

[Sir Bhupendra Nath Mitra.]

That profit, according to my recollection was several millions:

"There are, however, certain charges which are now the subject of investigation and for this reason it is impossible to say definitely what these profits are likely to be at the end of the year. There is one thing clear, and that is that it is not yet possible to re-establish the penny post as an economic proposition." (*At this stage a Member of the House interjected "Why not?" Mr. Snowden continued*) "It is not possible as an economic proposition. I am quite sure that neither this House nor the country is thinking that the post office should be subsidised by the general tax-payer."

Sir, I cannot accept any of these amendments.

**Mr. K. C. Neogy:** I have been so often referred to by the Honourable Member in charge, Sir Bhupendra Nath Mitra, that the House will give me a little indulgence for a few minutes for replying to some of the points referred to by my Honourable friend. My Honourable friend thought that he made a very great point when he quoted a speech of mine in support of commercialisation of accounts. I certainly stand by the observations I made on that occasion, and I made it quite clear yesterday also, that while I am in favour of the commercialisation of accounts, I must strongly protest against the commercialisation of the policy of administration of this Department. There is some distinction between the commercialisation of accounts, which amounts to a mere amendment of the system of book-keeping, and a departure in the policy that has so far guided the Department in fixing the postal rates. My Honourable friend would do well to keep that distinction in mind. The mischief, rather the evil, which this commercialisation of accounts is calculated to cure was prominently brought to notice by the Retrenchment Committee when it pointed out that the Post Office did not get proper credits for services rendered to different departments, nor was it debited with proper charges of a certain character. Sir, everybody likes to know how far a particular department is working at a loss or at a profit; but that certainly does not mean that we are to treat that department as a commercial department. What has been the result of commercialisation of accounts? As I stated yesterday, one of the results has been to take the capital contributed out of past revenues, and make that into a block account on which interest is to be charged. I know that my Honourable friend, the Finance Member, is very much in favour of academic accuracy in regard to account matters; but this is a much more serious thing than he seems to imagine. If the past policy was as described by Sir Geoffrey Clarke in his well known book, that the Post Office must be maintained for the benefit of the people of India and not for the purpose of swelling the revenues, then I take it that the contributions which the general tax-payer made towards the capital expenditure of this Department in the past years, were not meant to be treated as profitable investments by a future Finance Member like my Honourable friend Sir Basil Blackett. Sir Basil Blackett has absolutely no justification in trying to interpret in a selfish way the intention of the tax-payers in the past, when we have this declared policy of the Department before us. If the general tax-payer has readily contributed towards the capital expenditure of this department, out of surplus revenue, I ask my friend whether this charging of interest can be justified on any account. (*Mr. W. S. J. Wilson:* "Yes.") My Honourable friend who represents the Associated Chambers of Commerce says "yes". I know that the view which he holds in this matter is diametrically opposed to the views we hold, and it is useless to

try to convince him about the soundness of our proposition. He seems to consider that the Post Office is a shop which has got to give at least a good return on the capital expended.

**The Honourable Sir Bhupendra Nath Mitra:** What about the Inchcape Committee?

**Mr. K. O. Neogy:** I am not prepared to subscribe to every recommendation of the Inchcape Committee. Neither are you. I do not know whether this declaration of policy as made by Finance Members in the past, and by past Members in charge of this Department, were ever placed before that Committee when they considered this question. Sir, if you consider the nature of the accounts that the Post Office has hitherto maintained, you will agree with me that it was never the intention of the tax-payers in the past to treat this Department as a commercial concern. We find that pension charges were never debited to this Department. We find also that the building charges were debited against the Public Works Department, and not against the Postal Department. These are matters which have been set right in the commercialised accounts; but the very fact that no debit was made to this Department for these charges in the past shows that the intention of the tax-payer in the past was not to treat this Department as a commercial department, but to run it in the interests of the people of India as an engine of civilisation, as was pointed out by a Finance Member in 1866. The capital has, in these circumstances, to be treated, if Mr. Willson will have it, as a free gift to the Postal Department; and the present generation cannot certainly charge interest on the value of a free gift made by the past generation to a particular department.

Then, Sir, my Honourable friend the Member in charge asked whether we are prepared to subsidise the Post Office, and he has quoted my Honourable friend Mr. Venkatapatiraju as saying that he is not prepared to do that. I am not in agreement with my Honourable friend Mr. Raju on that point, if he said so. What I maintain is, if you can run the Postal Department on a self-supporting basis, well and good. If you do not succeed in that, I myself will not mind subsidising the Post Office. What have you done with the Telegraph Department? My Honourable friend Mr. Willson ought to know that we have been subsidising the Telegraph Department for very many years. If that proposition is a sound one in the view of my Honourable friend Mr. Willson, with what face can he oppose us when we ask for reduction in the postal rates which may lead to subsidising the postal side of the combined department.

**Diwan Bahadur T. Rangachariar:** What about the Indo-European Telegraph Department?

**Mr. K. O. Neogy:** I leave that alone. My Honourable friend has stated that the Auditor General and the Director General have approved of the allocation of expenditure of revenue between Posts and Telegraphs, and he asked us whether there was any reason to suspect that either of them was partial to this department or that. I know that the policy of Government in the past has been to treat the Telegraph Department more favourably than the Postal and to run the Telegraph Office at the cost of the general tax-payer. I do not want to go into details at this late hour, but I do not think it will be challenged that the policy of the Government has been to satisfy powerful interests as much as they can. And when

[Mr. K. C. Neogy.]

I say that, I am reminded of the "reasonable mean" which my Honourable friend says guides the policy in this matter. Certainly the "reasonable mean" is to please the powerful interests, interests that might revolt against the Government if they were to be charged in the proper manner for postal and telegraph facilities. I have already alluded to the Telegraphs. What about the Press telegram rates? Do you contend that the Press telegram pays its way? What about the newspaper post? The view held by some of my Honourable friends who represent European interests in this House, as also by Government, is that the postcard must at least pay its way. They say, you cannot send a postcard from one end of India to another at a cost of one pice. Is the Honourable Member in a position to say that he can send a bulky newspaper at the cost of one pice from one end of India to the other? I dare say he is not going to make any such statement. Therefore we come to this position, that it is not in every case that you can justify a particular rate on commercial principles. Now, the question is, which of the items should be let off lightly, and which of the items should be subsidised, if necessary. Sir, we have heard the argument in favour of keeping the minimum unit of weight in the case of letters at its present level, and I very much suspect that it is for the benefit of the better class of people who use thick stationery that this device was resorted to. There again is my Honourable friend's "reasonable mean". To put it briefly, the policy of the department of which my Honourable friend is in charge, is to exploit the poor for the benefit of the rich. My Honourable friend has referred to the fact that the Post Office was worked at a loss in the past, and he has referred me as an authority on that point. Sir, I am free to admit that the Post Office, in the dim past, in the beginning of British rule in India, was run at a loss. But you cannot take that factor into consideration when you are considering these questions to-day, for the simple reason that the Post Office was more a matter of necessity to Government for administrative purposes in those days, than a utility department for the benefit of the public. Sir, my Honourable friend has made light of the poor man's argument in this matter. I would refer him to the observations which the Postal Commission made in the year 1851, when they said that one of the chief considerations in fixing the rates:

"was the poverty of the great bulk of the population, many of whom could ill afford to spend even the smallest Indian coin, namely, one pie, a twelfth part of a penny, on anything that was not necessary for their own sustenance."

Then, again, they said:

"In considering what plan of postage is best suited to the circumstances of India, and most likely to conduce to the convenience of the public, the social and commercial advancement of the country, and the ultimate financial advantage of the department, the difference between the circumstances of the European and native portion of the community must be distinctly borne in mind."

And, then again, they went on to observe further with regard to the bulk of the population in India, whom they described as poor:

"But they are poor, and though well inclined to correspond, greatly prevented from doing so by the present high rates of postage."

Sir, I am not unmindful of the fact that the postal rates of those days were very high indeed; but the argument which the Commission used at that time still holds good to-day.

**The Honourable Sir Bhupendra Nath Mitra:** Which year was that?

**Mr. K. O. Neogy:** 1851. I perfectly admit that the postal rates were very high at the time, and they have gone down considerably by stages. But the arguments which that Commission used hold good to-day, and it is not proper for my Honourable friend to summarily dismiss the poor man's argument which has been advanced on this side of the House. I maintain that Government are guilty of a serious departure in their policy. I do not think they are going to accede to our appeal in this behalf; it is therefore the duty of this House to record their protest in the only way we can do it, although the division may be lost.

(Several Honourable Members moved that the question be put.)

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

The motion was adopted.

**Mr. President:** There are five amendments before the House. Two of them relate to letters and three to post cards. Those relating to letters are in the names of Mr. K. Ahmed and Dr. Gour and the three relating to post cards are in the names of Mr. Schamnad, Sardar Mutalik and Dr. Gour. I will put them one by one.

**Diwan Bahadur M. Ramachandra Rao:** May I ask you, Sir, to put the post cards amendment first to the House.

**Mr. President:** If that is the general desire, the Chair has no objection.

The question is:

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

The Assembly divided:

AYES—28.

Ahmad Ali Khan, Mr.  
 Ahmed, Mr. K.  
 Aiyangar, Mr. K. Rama.  
 Alimuzzaman Chowdhry, Khan  
 Bahadur.  
 Chanda, Mr. Kamini Kumar.  
 Dalal, Sardar B. A.  
 Das, Mr. B.  
 Deshmukh, Mr. R. M.  
 Ghazanfar Ali Khan, Raja.  
 Ghose, Mr. S. C.  
 Ghulam Bari, Khan Bahadur.  
 Gour, Sir Hari Singh.  
 Hyder, Dr. L. K.  
 Ismail Khan, Mr.

Jinnah, Mr. M. A.  
 Joshi, Mr. N. M.  
 Lohokare, Dr. K. G.  
 Mahmood Schamnad Sahib Bahadur,  
 Mr.  
 Malaviya, Paudit Madan Mohan.  
 Mutalik, Sardar V. N.  
 Neogy, Mr. K. C.  
 Pal, Mr. Bipin Chandra.  
 Ramachandra Rao, Diwan Bahadur M.  
 Rangachariar, Diwan Bahadur T.  
 Sarda, Rai Sahib M. Harbilas.  
 Talatuley, Mr. S. D.  
 Venkatapatiraju, Mr. B.  
 Yakub, Maulvi Muhammad.

## NOES—42.

Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ajab Khan, Captain.  
 Akram Hussain, Prince A. M. M.  
 Bajpai, Mr. B. S.  
 Bhore, Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 Bray, Sir Denya.  
 Burdon, Mr. E.  
 Calvert, Mr. H.  
 Carey, Sir Willoughby.  
 Clow, Mr. A. G.  
 Cocke, Mr. H. G.  
 Crawford, Colonel J. D.  
 Donovan, Mr. J. T.  
 Gidney, Lt.-Col. H. A. J.  
 Gordon, Mr. B. G.  
 Graham, Mr. L.  
 Hezlett, Mr. J.  
 Hira Singh Brar, Sardar Bahadur  
 Captain.  
 Hudson, Mr. W. F.  
 Innes, The Honourable Sir Charles.  
 Jatar, Mr. K. S.

Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Lloyd, Mr. A. H.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
 Nath.  
 Muddiman, The Honourable Sir  
 Alexander.  
 Naidu, Rao Bahadur M. C.  
 Neave, Mr. E. R.  
 Owens, Lieut.-Col. F. C.  
 Rahman, Khan Bahadur A.  
 Rau, Mr. P. R.  
 Reddi, Mr. K. Venkataramana.  
 Roffey, Mr. E. S.  
 Sams, Mr. H. A.  
 Singh, Rai Bahadur S. N.  
 Stanyon, Colonel Sir Henry.  
 Tonkinson, Mr. H.  
 Vernon, Mr. H. A. B.  
 Vijayaraghavacharyar, Sir  
 Tiruvalangadi.  
 Willson, Mr. W. S. J.

The motion was negatived.

**Mr. President:** The question is:

"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 'Letters' the following be substituted:

'For a weight not exceeding one tola	...	Half an anna,
'For a weight exceeding one tola but not exceed- ing two tolas and a half	...	Three quarters of an anna'."

The motion was negatived.

**Mr. President:** The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, under the head 'Letters' the following new entry be inserted:

'For a weight not exceeding half a tola ... Half an anna'."

The motion was negatived.

**Mr. President:** The question is:

"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	...	...	...	One pice and a half,
Reply	...	...	...	Three pice'."

The motion was negatived.

**Mr. President:** The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, under the head 'Postcards' after the word 'Single' the words 'or letter card' be inserted."

The motion was negatived.

Schedules I and II were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Basil Blackett:** Sir, I beg to move that the Bill be passed.

**Diwan Bahadur T. Rangachariar:** Sir, I cannot but express regret that we have not been able to effect any improvement in the Finance Bill, and it is a thousand pities that notwithstanding the appeal made to the Treasury Benches, they have not yielded to the popular demand, and the regret, Sir, when I see the empty Benches behind me, is all the keener. I am sure if my Honourable friends, the elected Members of this Assembly, not only the Swarajists but also the Independents and others, had been present here to-day, we could have carried the amendment at least as regards the post card. It was a reasonable amendment, and we could have carried it, and I would have defied the Government to have restored it in another place. They would have lost all their position in this country.

**The Honourable Sir Basil Blackett:** The Provinces would have had to restore us the money.

**Diwan Bahadur T. Rangachariar:** I am sure the Government would not have dared to restore it. Therefore those elected Honourable Members who were absent to-day have failed in the discharge of their duties. It is not our fault that we have not been able to carry it. This is the first year in which we could have done something to relieve the general tax-payer: and we have failed to do it because the peoples' representatives have failed to be present on an important occasion like this. Sir, it cannot but be regretted that although we had to appeal, go down on our knees as it were to the Government, Government have failed, the peoples' representatives have failed, and it is no use blaming the constitution in this respect.

**The Honourable Sir Basil Blackett:** Sir, I should like just to point out to Mr. Rangachariar what a good representative of Madras he is. He is regretting very much that he could not carry an amendment that would have cut very nearly a crore of our surplus.

**Diwan Bahadur T. Rangachariar:** Certainly not.

**The Honourable Sir Basil Blackett:** I dare say it is possible the Government would have left it at that. The result would simply have been a loss of that amount to the provincial contributions, which is the last thing that we want to do! Our object is to get those provincial contributions down: that is an object which has the support of the whole of this House, and, if we are accused of being stiff and unwilling to yield, that is our answer. The Honourable Member talks about our capacity to provide money for reductions of the tax on the tax-payer. We are providing a crore and a quarter for the reduction of the provincial tax-payer's contributions. (*An Honourable Member:* "How?") By reduction of the provincial contributions. We are providing 1½ crores for the Provincial Governments. We have the support of the whole of the House in that policy. If we are told that we are unyielding, that we have given nothing away, Honourable Members will remember that we have given nothing away because we do not want to give away the provinces behind their backs.

**Mr. 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 repeal the Cotton Duties Act, 1896, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, to fix rates of income-tax, and to provide for the appropriation of certain monies for the purpose of the reduction or avoidance of public debt, be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 17th March, 1926.