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THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume III

(15th March to 28th March, 1927)

FIRST SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1927



DELHI
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1927

Legislative Assembly.

The President :

THE HONOURABLE MR. V. J. PATEL.

Deputy President :

MAULVI MUHAMMAD YAKUB, M.L.A.

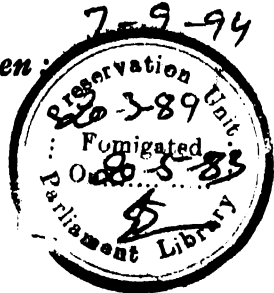
Panel of Chairmen :

MR. M. A. JINNAH, M.L.A.

THE REV. DR. E. M. MACPHAIL, M.L.A.

MR. M. R. JAVAKAR, M.L.A.

MR. K. C. NEOGY, M.L.A.



Secretary :

MR. L. GRAHAM, C.I.E., M.L.A.

Assistants of the Secretary :

MR. W. T. M. WRIGHT, C.I.E., I.C.S.

MR. S. C. GUPTA, BAR.-AT-LAW.

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

Marshal :

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

Committee on Public Petitions :

MAULVI MUHAMMAD YAKUB, M.L.A., *Chairman.*

MR. K. C. NEOGY, M.L.A.

MR. JAMNABAS M. MEHTA, M.L.A.

LIEUT.-COLONEL H. A. J. GIDNEY, M.L.A.

MR. C. DURAISWAMY AYYANGAR, M.L.A.

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LEGISLATIVE ASSEMBLY.

Tuesday, 22nd March, 1927.

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

QUESTIONS AND ANSWERS.

NOMINATION OF MEMBERS OF THE MUNICIPAL COMMITTEE OF BEAWAR IN AJMER-MERWARA.

1104. ***Mr. M. Ruthnaswamy**: Will Government be pleased to state:

- (a) the rules at present regulating the nomination of members of the Municipal Committee of Beawar in Ajmer-Merwara?
- (b) whether any provision is made in these rules to secure the representation of minorities like the Christians?
- (c) whether any non-official Christian has been nominated to the present Municipal Committee of Beawar?
- (d) if the answer to (c) is in the negative, the reasons why a non-official Christian has not been nominated?

Mr. E. B. Howell: (a) and (b) The attention of the Honourable Member is invited to section 8, Chapter 111 of the Ajmer-Merwara Municipalities Regulation, 1925 (VI of 1925), and to notification by the Honourable the Chief Commissioner, Ajmer-Merwara, dated the 16th November, 1925, published in Part II-A, of the *Gazette of India*, dated the 21st November, 1925, copies of which have been placed in the Library.

(c) The reply is in the negative.

(d) Under the election rules of the Beawar Municipality two Christians are elected to represent their community. No additional representation by nomination is therefore considered necessary as the Christian population of Beawar is only 288 out of the total population of 22,862.

Mr. M. Ruthnaswamy: May I ask, Sir, if these Christians are Indian Christians?

Mr. E. B. Howell: I believe so, Sir.

MONTHLY COST OF LIGHTING THE SECRETARIAT AND COUNCIL HOUSE BUILDINGS IN NEW DELHI.

1105. ***Mr. M. Ruthnaswamy**: Will Government be pleased to state:

- (1) the monthly cost of the lighting of the Secretariat and Council House buildings in New Delhi?
- (2) what purpose the lighting of the buildings till about midnight serves?

The Honourable Sir Bhupendra Nath Mitra: (1) The separate cost of lighting cannot be given since the bulk of the current used in these buildings has been for electric radiators which are temporarily connected to the lighting circuits and not separately metered.

(2) The lights in the corridors and staircases of the Council House remain lit for so long as the offices and public rooms in it are occupied, which is frequently the case up to quite a late hour. In the Secretariat certain experimental lighting was tried, including the flood lighting of the tower, but this has been discontinued and no lights are maintained after the building is unoccupied except such as are necessary for purposes of watch and ward.

ABOLITION OF THE SYSTEM OF POLICE LICENCES FOR HINDU FUNERAL PROCESSIONS IN DELHI.

1106. ***Sardar Gulab Singh:** (a) Are Government aware that in Delhi Hindus carry those of their deceased who had lived to an old age to the cremation ground in processions with religious music?

(b) Are they also aware that they require licences from the Police to perform this religious ceremony on such deaths?

(c) Are they also aware that they do so with great resentment?

(d) Are Government prepared to consider the advisability of doing away with such licences?

The Honourable Sir Alexander Muddiman: (a) Yes.

(b) Licences are required for assemblies and processions if a notice to this effect has issued under section 30(2) of the Police Act (V of 1861), not otherwise; but ordinarily members of the Delhi public prefer to apply voluntarily for a licence in order to ensure that all necessary police arrangements will be made on their behalf.

(c) No.

(d) There is no such proposal before Government.

Sardar Gulab Singh: Are the Government aware that we also take out such processions in our cities and we do not require any licence?

Mr. K. Ahmed: Which is your city?

The Honourable Sir Alexander Muddiman: But Delhi people apparently prefer to take one out.

NUMBER OF POST OFFICES IN THE CHOTA NAGPUR DIVISION.

1107. ***Mr. Ram Narayan Singh:** Will the Government be pleased to give the present numbers of post offices in each of the 5 districts of the Chota Nagpur Division in the province of Bihar and Orissa?

Sir Ganen Roy:

District.	Present number of Post Office.
Hazaribagh	52
Lehardega	53
Manbhum	70
Palamau	39
Singhbhum	51

RELIGIOUS MINISTRATIONS TO INDIAN SEPOYS.

1108. ***Mr. Ram Narayan Singh:** Will the Government be pleased to state whether there is any arrangement for the religious teaching of the Indian sepoy's like that afforded to the British soldiers through their own department?

Mr. G. M. Young: Yes, Sir. One Indian religious teacher is authorised for each religious class of the strength of a company or squadron, in each infantry battalion, cavalry regiment, brigade of artillery, etc.

Mr. K. Ahmed: Are Government aware that one man cannot perform the functions of a religious teacher in a regiment composed of Hindus, Sikhs and Muhammadans when they say their prayers?

Mr. G. M. Young: Yes, Sir, Government are aware of that fact, and that is precisely why one Indian religious teacher is authorised for each religious class in a unit.

GRANT OF HOUSE RENT ALLOWANCE AND SECRETARIAT RATES OF PAY TO THE MINISTERIAL ESTABLISHMENTS AT ARMY HEAD-QUARTERS.

1109. ***Mr. Amar Nath Dutt:** (a) Is it a fact that in January 1926, His Excellency the Commander-in-Chief received a deputation from the members of the Uncovenanted Association of the Army Headquarters with a view to considering the grant to them of (i) house rent allowance admissible under the Simla Allowances Code, and (ii) Secretariat rates of pay?

(b) If so, will Government please state what decision has been arrived at on the subject?

(c) What will be the approximate extra expenditure separately in regard to (i) and (ii) above?

(d) Is it a fact that the amount of expenditure involved in connection with the grant of house rent allowance to these men can be counterbalanced by withdrawing the Delhi moving allowance admissible to them?

Mr. G. M. Young: (a) Yes.

(b) None at present but Government are arranging for an expert inquiry into the question of the strength, conditions of service and emoluments of the ministerial establishments at Army Headquarters.

(c) and (d) The amount has not yet been worked out.

TECHNICAL MILITARY CLERKS IN ARMY HEADQUARTERS.

1110. ***Mr. Amar Nath Dutt:** (a) Is it a fact that outside the cadres of the general clerical establishments for the different branches of the Army Headquarters there is a combined cadre for technical military clerks?

(b) If so, will Government please state the total number of such clerks employed in the Army Headquarters?

(c) Are Indian soldiers eligible for these technical clerical appointments? If not, why not?

Mr. G. M. Young: (a) Yes.

(b) 25.

(c) Not at present, because there are none possessing the necessary qualifications.

RESERVATION OF CLERICAL APPOINTMENTS IN ARMY HEADQUARTERS FOR
SOLDIERS AND EX-SOLDIERS.

1111. *Mr. Amar Nath Dutt: (a) Is it a fact that 25 per cent. of the upper division clerical appointments are reserved for soldier and ex-soldier clerks in the Army Headquarters?

(b) If so, will Government please state on what basis this percentage has been fixed?

(c) Is there any particular reason for recruiting soldier clerks in the general cadres? If so, what? Are they not recruited to the separate cadre for technical military clerks?

(d) Is it a fact that soldier and ex-soldier clerks are recruited direct without reference to the Staff Selection Board?

(e) Are these clerks exempted from passing the Staff Selection Board's examination? If so, has the Staff Selection Board approved of their confirmation in the first division?

(f) Are civilian clerks similarly exempted? If not, why not?

Mr. G. M. Young: (a) No. The percentage covers both the upper and lower divisions.

(b) On the permanent establishment as a whole.

(c) Yes, it is of advantage to have clerks with general military experience as well as clerks with technical experience in particular branches of the service.

(d) Yes.

(e) Yes, in both instances.

(f) No. The reason lies in the military character of the work at Army Headquarters.

GRANT OF HOUSE RENT ALLOWANCES TO POSTAL EMPLOYEES IN THE
MADRAS PRESIDENCY.

1112. *Mr. B. P. Naidu: (a) Are Government aware of the fact that in the city of Madras and municipal towns in the Madras Presidency, the monthly rent for a room and a small kitchen, just enough to accommodate a husband, wife and two children, is between Rs. 5 and 7?

(b) Is it a fact that postmen were given an additional allowance of Re. 1 and the lower grade men Rs. 3, in the city of Madras?

(c) Is it a fact that the lower staff of the Railway Mail Service department were not given any house rent allowance? If so, what are the reasons for such distinction between the lower staff of the Postal and Railway Mail Service departments?

(d) Will the Government be pleased to state whether they are prepared to remove this anomaly?

(e) Is it a fact that the relief sanctioned to the subordinate staff other than postmen and lower grade men in 1926-27 was given effect to from 1st March, 1926? If so, why was the house rent allowance sanctioned at the same time to postmen and lower staff men in Madras city given effect to from October, 1926?

(f) Will the Government kindly state the total amount of expenditure incurred in connection with the grant of house rent allowance and the places in which and the rates at which house rent allowance was granted?

The Honourable Sir Bhupendra Nath Mitra: (a) No.

(b) Yes.

(c) Yes. The case of the lower staff of the Railway Mail Service is under consideration.

(d) If the existence of such an anomaly is established by the inquiry now in progress steps will be taken to remove it.

(e) Yes. Because the schemes relating to the revision of the time scales of pay of clerks were drawn up and submitted for the approval of Government earlier than those relating to the grant of revised rates of house rent allowances.

(f) The total amount of extra expenditure involved in connection with the revised scheme of house rent allowances sanctioned in 1926-27 to postmen and inferior servants of the Post Office is estimated at Rs. 85,000 during that year. A statement showing the names of the places in which and the rates at which house rent allowances are granted under that scheme will be forwarded to the Honourable Member.

Mr. B. P. Naidu: Have not the Government made detailed inquiries thrice in the city of Madras with regard to this house rent question, and may I know the result of those inquiries?

The Honourable Sir Bhupendra Nath Mitra: No inquiries have been made by the Government of India. The present rates of house allowance are based on the reports of the Postmaster General.

PERCENTAGE OF LEAVE RESERVES PROVIDED FOR POSTAL CLERKS AND FOR POSTMEN AND LOWER GRADE STAFF.

1118. ***Mr. B. P. Naidu:** (a) Is it not the intention of the Government that in accordance with the recommendations of the Postal Enquiry Committee, the subordinate staff in the Postal Department should have 20 days' casual leave in a year?

(b) What is the percentage of leave reserve provided for clerks and for the postmen and lower grade men?

(c) Is it a fact that the Director General of Posts and Telegraphs has issued a circular, that no leave reserve will be provided for Post Offices, where the number of postmen exceeds four?

(d) How many leave reserve postmen and lower grade men were entertained in 1926-27 and how was the sum of one lakh of rupees provided for in 1926-27 distributed among the circles?

(e) Will the Government be pleased to state whether in the post offices where the number of postmen exceeds four, any allowance is paid for additional work?

The Honourable Sir Bhupendra Nath Mitra: (a) The intention is that casual leave up to a maximum limit of 20 days each may be granted to the staff

(b) The percentage of leave reserve sanctioned for clerks in Post Offices is 17. There is no fixed percentage of leave reserve for postmen but the

reserve staff is sanctioned according to the requirements of each case. There is, generally speaking, no leave reserve for lower grade men.

(c) No.

(d) The information is being collected, and will be furnished to the Honourable Member. The amount of one lakh of rupees provided in the budget estimates for 1926-27 for the employment of additional postmen was not distributed to the Circles, but the cost, wherever incurred, was debited against the lump grant.

(e) No such allowance is paid.

PAY, PENSION, LEAVE, ETC., OF LOWER GRADE POSTAL STAFF.

1114. ***Mr. B. P. Naidu**: Will the Government be pleased to state if any discrimination is made in the case of lower staff in the Postal service in the matter of their pay, pension, leave, etc.? If any, do Government propose to do away with such distinction and extend the privileges enjoyed at present by the lower staff of the Postal Department to the runners also? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: In the matter of pay, runners are on fixed rates and other classes of the lower staff are as a rule on time scales. When time scales of pay were introduced in the Post Office, it was considered that they would be inappropriate for runners in view of the fact that such men do not as a rule remain long in their appointments. The Government do not propose to place runners on time scales of pay in the absence of evidence to show that fixed rates of pay are unsuitable for them.

As regards leave and pension no discrimination is made between runners and other members of the lower or inferior staff.

INCREMENTS OF POSTAL CLERKS AND POSTMEN.

1115. ***Mr. B. P. Naidu**: (a) Will the Government be pleased to state if any and what distinction is made between clerks and postmen in the matter of counting the period of service spent as reserve clerk and reserve postman, respectively, for calculating increments in the time scale of pay?

(b) If the answer to the above question is in the affirmative, why was such distinction made?

Sir Ganesh Roy: (a) No distinction is made.

(b) Does not arise.

PAY OF POSTAL CLERKS IN THE MADRAS CIRCLE, ETC.

1116. ***Mr. B. P. Naidu**: Will the Government be pleased to state whether it is proposed to introduce only two scales of pay for the clerks in the Madras Circle? If so, do Government propose to introduce similarly two scales of pay for postmen and lower grade staff?

The Honourable Sir Bhupendra Nath Mitra: The result of the revisions to be carried out in 1927-28, together with those sanctioned in 1926-27, will be to provide two scales of pay for ordinary time-scale clerks in the Madras Circle. It is proposed to undertake an examination of the suitability of the existing scales of pay for postmen and inferior servants generally: the number of the revised scales of pay which may be decided on for such officials will depend on the results of that examination.

GRANT OF OUT-STATION ALLOWANCE TO EMPLOYEES OF THE RAILWAY MAIL SERVICE.

1117. *Mr. B. P. Naidu: Will the Government be pleased to state whether it is proposed to grant out-station allowance to the Railway Mail Service employees? If so, will the lower staff of the Railway Mail Service department also get the out-station allowance? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: It is proposed to grant out-station allowance to the Railway Mail Service sorters under specified conditions the nature of which is under consideration. The claims of the lower staff of the Railway Mail Service department, by which the Honourable Member evidently refers to mail guards and van-peons, to participation in a concession of this nature will be examined.

CHARGE ALLOWANCE DRAWN BY UPPER DIVISION MEN HOLDING CHARGE OF A ROUTINE SECTION OR ISSUE BRANCH IN THE GOVERNMENT OF INDIA SECRETARIAT.

1118. *U. Khin Maung: (a) Will Government be pleased to give the names of the different Departments of the Government of India where upper division men are holding charge of a Routine Section or Issue Branch?

(b) Will Government be pleased to state if such men are getting any charge allowances?

(c) If the reply be in the affirmative, will Government be pleased to state if they are entitled to receive it?

(d) Is it a fact that only lower division men are entitled to receive this allowance?

(e) If so, will Government be pleased to state the reasons for giving such allowance to the upper division men?

The Honourable Sir Alexander Muddiman: (a) The Legislative Department.

(b) Yes; a special pay of Rs. 50 per mensem during the period of the Sessions of the Legislature.

(c) Yes, if sanctioned.

(d) Sanction varies in each Department. There is no general rule applicable to all.

(e) Does not arise.

CONSTRUCTION OF A RAILWAY BETWEEN HAPUR, MOWANA AND LUXAR.

1119. *Mr. Mukhtar Singh: (a) Are Government contemplating a new railway line to be constructed between Hapur, Mowana and Luxar?

(b) When is it likely to begin the construction of this new line?

(c) Will it be a broad gauge or metre gauge railway?

(d) Will this new railway line pass through Hastnapur a very important place of pilgrimage for the Jain community?

(e) Will Government be pleased to state the names of the important towns and cities that will lie over this new railway line?

(f) Is the survey work of this line completed? If not, when is it likely to be completed?

Mr. A. A. L. Parsons: (a) The reply is in the affirmative.

(b) As some alternative lines have been proposed it is not possible to say at present if the construction of this line will be taken in hand.

(c) If constructed, the line will be on the broad gauge.

(d) and (e) As the alignment has not yet been fixed, it is not possible to give the required information.

(f) The survey is likely to be completed before next working season.

PROPOSED HAPUR, MOWANA-LUXAR RAILWAY.

1120. ***Mr. Mukhtar Singh:** (a) Is there any truth in the rumour that the route proposed for the new railway line Hapur, Mowana and Luxar has been recently changed and according to the recent change the railway line will not pass through Hastnapur?

(b) If the answer be in the affirmative, will Government be pleased to state the difficulties on account of which this change has to be made?

(c) Have Government realised the loss of income that is likely to arise on account of less traffic by leaving Hastnapur a very important place of pilgrimage?

(d) Will Government be pleased to lay on the table the map of the proposed new railway line showing the important towns, and cities that will lie on it?

Mr. A. A. L. Parsons: (a), (b) and (c). As I have just informed the Honourable Member the alignment has not been fixed.

(d) Until the alignment has been fixed, it is not possible to make such a map.

AGRICULTURAL IMPLEMENTS.

1121. ***Mr. Mukhtar Singh:** (a) Are Government aware that agricultural implements are made at several places in the country?

(b) Have the Government of India issued any instruction to the provincial Departments of Agriculture to prefer the Indian agricultural implements to the imported one?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) No. The issue of such instructions is not necessary as Provincial Governments enjoy full discretion in the matter.

ISSUE OF INSTRUCTIONS TO THE PUNJAB GOVERNMENT REGARDING THE USE OF PLOUGHS AND AGRICULTURAL IMPLEMENTS MANUFACTURED BY BRITISH FIRMS.

1122. ***Mr. Mukhtar Singh:** Have the Government of India issued any instructions to the Punjab Government not to allow any ploughs or other agricultural implements to be given a trial or to be allowed to compete in comparison with the ploughs and implements manufactured by British firms?

The Honourable Sir Bhupendra Nath Mitra: No, Sir.

DISCOUNT ALLOWED TO GOVERNMENT ON THE PURCHASE OF AGRICULTURAL IMPLEMENTS MANUFACTURED BY BRITISH FIRMS.

1123. ***Mr. Mukhtar Singh:** Do Government charge any discount or commission for advertising the utility of the agricultural implements manufactured by British firms? If the answer be in the negative, will Government be pleased to state if they get wholesale or concession rates in the purchase of these implements? If the answer be in the affirmative, will Government be pleased to state the amount of discount allowed by the firms?

Mr. J. W. Bhore: The Imperial Department of Agriculture does not undertake the advertisement of any agricultural implements. Trade advertisements are, however, inserted in the Agricultural Journal of India at uniform rates. The replies to the second and third parts of the Honourable Member's question are in the negative.

AGRICULTURAL IMPLEMENTS.

1124. ***Mr. Mukhtar Singh:** Will Government be pleased to state the method by which agricultural implements invented by the Imperial Department of Agriculture are manufactured for the use of the general public? Are they manufactured by the Indian firms in the country or are the orders placed outside the country? If they are manufactured in the country, are the tenders invited from the Indian firms?

Mr. J. W. Bhore: The Imperial Department of Agriculture having no Agricultural Engineer has left this branch of work to be undertaken by Provincial Governments. It is understood that some Provincial Departments of Agriculture have invented improved types of agricultural machinery, but no information is available as to the arrangements under which they are manufactured for use in the country.

VENTILATION OF THE GRIEVANCES OF GOVERNMENT SERVANTS.

1125. ***Khan Bahadur Sarfaraz Hussain Khan:** Will Government be pleased to state whether a recognised association of Government servants is debarred under the Government Servants Conduct Rules from ventilating their grievances to the Members of the Indian Legislatures through the medium of the Press? If so, will Government be pleased to quote the terms of that rule? Is there any such rule in vogue in the United Kingdom? If so, will they please state the terms of such a rule?

The Honourable Sir Alexander Muddiman: Only those communications to Members of the Indian Legislature which involve an infringement of rule 17 of the Government Servants' Conduct Rules are debarred in the case of individual Government servants. The position as regards recognised associations of Government servants is the same, for the Government Servants' Conduct Rules apply as much to recognised associations of Government servants as to individual Government servants. Government have no information as to the rule in force in the United Kingdom.

RECRUITMENT OF INDIANS TO THE ARMY IN INDIA RESERVE OF OFFICERS.

1126. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it a fact that the Government are recruiting men for the Indian Army Reserve of Officers?

(b) Are Indians eligible to be recruited to the Indian Army Reserve of Officers? If so, what percentage of such posts has been reserved for the recruitment of Indians? Have any Indians been recruited in the Indian Army Reserve of Officers? If so, will the Government be pleased to state their names?

(c) If no percentage of such posts has been kept reserved for Indians, will the Government be pleased to state the reasons for this racial distinction?

(d) Do Government propose to recruit Indians as Indian Army Reserve Officers? If not, why not?

Mr. G. M. Young: (a) Yes, but the Reserve is now known as the Army in India Reserve of Officers.

(b) The answer to the first-two parts of the question is that Indians are eligible for appointment to the Army in India Reserve of Officers, but that no percentage of posts has been definitely reserved for them. The answer to the third part is in the affirmative. The names of those appointed to the Reserve will be published in the quarterly Indian Army Lists. At the present moment, there are 19 Indians in the Army in India Reserve of Officers.

(c) The Government of India do not consider that the absence of a percentage of reserved posts implies a racial distinction.

(d) Does not arise.

UNSTARRED QUESTIONS AND ANSWERS.

CLASSIFICATION OF ADMINISTRATIVE AND MINISTERIAL OFFICERS OF THE POSTAL DEPARTMENT.

215. **Mr. N. M. Joshi:** 1. Will Government be pleased to say if the classification of administrative and ministerial officers was revised for the Postal Department in 1918?

2. If so, will Government please give reasons for putting the entire non-gazetted officers under ministerial irrespective of class of work on which they are employed?

3. Does not article 36 of the Civil Service Regulations require that classification of officers "Administrative" and "Ministerial" should be based on nature of work on which an officer is employed and is it not according to this rule that the subordinates in the Telegraph Branch are classified?

4. Are not telegraphists and telegraph masters who are non-gazetted officers classed as administrative officers?

5. Do Government propose to consider the question of declaring all officers in the selection grades of the Postal Department as "Administrative officers"?

The Honourable Sir Bhupendra Nath M'tra: The Honourable Member's attention is invited to the reply given to Mr. C. S. Ranga Iyer's starred question No. 1053 on the subject, on the 21st March 1927.

ORDER IN WHICH DEMANDS FOR GRANTS SHOULD BE BROUGHT BEFORE
THE ASSEMBLY AND THE VENTILATION OF GRIEVANCES IN
VOTING THE DEMANDS.

216. **Mr. M. K. Acharya:** Will the Government be pleased to state regarding the Budget Debate in the Assembly:

- (1) what the rules are for regulating the order in which the various Demands for Grants should be brought before the Assembly?
- (2) what the rules are for regulating the nature of grievances that may be discussed under each Demand?
- (3) what the House of Commons' procedure is on the above points?

Mr. L. Graham: (1) If there is any rule on the subject it is rule 44 (8) which provides that, subject to the rules, the Budget shall be presented in such form as the Finance Member may consider best fitted for its consideration by the Assembly.

(2) The question as to what matters are relevant for discussion under each Demand is one for the Chair to decide.

(3) The Honourable Member is referred to the chapter of May's Parliamentary Practice, which deals with the voting of supply.

EXTENSION OF THE LIBRARY OF THE INDIAN LEGISLATURE.

217. **Sir Darcy Lindsay:** (a) Will Government please state what steps they propose to take in the matter of providing Members with an up-to-date library of books in the noble building that has been erected for the purpose?

(b) What annual amount of money is to be provided towards the purchase of new books?

Mr. L. Graham: (a) The Government have always contemplated that there would be a considerable extension of the Library after the construction of the new building was completed. Government propose to leave the selection of books as heretofore to a Library Committee consisting of Members of both Chambers.

(b) The grant for the purchase of books for the Library for 1927-28 is Rs. 8,000.

THE CURRENCY BILL—*contd.*

Mr. President: The House will now resume further consideration of the motion of Sir Basil Blackett that the Currency Bill as amended be passed.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, I do not wish to prolong the agony of this debate more than I can help; but since the Benches opposite have got all that they wanted, since they are in the transports of delight at having put India economically one generation back, they might at least allow us to shed one last tear over the woes of those who will be sorely tried and hard hit by this legislation. Sir, yesterday I tried to show the results of this legislation on our public finances—on our level of taxation, on our currency reserves and on our public debt. I was saying yesterday that, so far as I could work it out,

[Mr. Jamnadas M. Mehta.]

56 per cent. of the expenditure of the Government of India was such that it could not be adjusted to the new ratio; it will remain at the old rate involving additional taxation though in a concealed form owing to the appreciated rupee. This is the fifth attempt that has been made by the Government of India to get over their budget difficulties through the lever of exchange. The first attempt in 1879 had failed. The second in 1886 also failed. It succeeded at last in 1898; the evils of the appreciated rupee were then described by the late Mr. Gokhale, by Romesh Chander Dutt, by Dadabhai Naoroji and others who were no friends of the capitalists, and than whom there are no more honoured names in this country; even if they were wrong, I would rather follow them than be right with the people opposite, because I know they spoke from the heart and they spoke from their knowledge. Mr. Romesh Chander Dutt had more knowledge of the agriculturists in this country in his little finger than there can be in the heads of all the gentlemen opposite. The third attempt having succeeded, we thought exchange had been settled once for all in relation to gold; but the moment an opportunity occurred in 1920, another, and fourth attempt, was made to raise the rupee. That partly succeeded. This Bill is the fifth attempt and it is now only a question of a few hours when we will be irretrievably committed. But this attempt is by no means the last; there is every danger that another attempt may be made on a future occasion, if necessary. The speeches on the Benches opposite and the Report of this Currency Commission leave no room for doubt in this matter. They will lack of a possibility of a rise in the price of silver, and of the likely consequences of such a rise on the relation of the rupee to gold. If the rupee is really a token coin, if the rupee is merely a note printed on silver, then surely I cannot understand how a rise in the price of silver can ever mean any difference in its relation to the gold as it is contended it might. If occasion occurs and it becomes necessary, the appreciation of the rupee by two pence more is by no means ruled out and all the travail that we will be going through now for at least 10 or 12 years may have to be repeated in the future. That is the reason why I submit this House should take warning betimes and yet, even now at this stage, throw out this Bill. (Mr. K. Ahmed: "Too late.") Yes, I feel quite clear, almost certain, that it is too late. But still, in the hope which is a forlorn hope, I must make this last effort.

Sir, it is claimed that our rupee expenditure is the same, that if possible it has decreased in terms of rupees. But I will ask a simple question. If you are paying four notes to-day, each of five rupees, by way of taxation, and to-morrow if you are made to pay three notes, by way of taxation, does it always follow that your burdens have decreased? If these four notes are each of Rs. 5 and the three notes are each of Rs. 10, then although the number of the notes may have decreased, your burden has increased. $4 \times 5 = 20$; three is one less than four, but $3 \times 10 = 30$. The numerals in these figures are not alone to be looked at, the unit is equally important. It is the cumulative effect of the unit and the numerals that will give the true picture. Each rupee now represents 8.47 grains of gold as against 7.58 that it used to represent before. Is it any wonder that if we have to pay one grain of gold more for every rupee of taxation, the nominal receipts from taxation might remain the same but the burden will have increased. I shall now consider the effect of this Bill on those who possess gold and have kept it as a store of value. This gold will by a single stroke of the

pen come down by $12\frac{1}{2}$ per cent. in value. Last time I looked at the figures of the total imports of gold into this country. Those figures were £250,000,000. That gold was imported at Rs. 15, at any rate a large part of it, and subsequently also much has been imported. Whatever portion of that has been imported at Rs. 15 value will by this Bill come down by $12\frac{1}{2}$ per cent. without any crime having been committed by the holders of that gold. They will be robbed of $12\frac{1}{2}$ per cent. of its value. Similarly, the silver hoards of the people will be reduced by $12\frac{1}{2}$ cent. and yet they will be called upon to bear higher burdens.

Now, Sir, I will now detain the House only so far . . .

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): The agriculturists are not holders of gold.

Mr. Jamnadas M. Mehta: Not many unhappily.

Mr. K. Ahmed: Very few.

Mr. Jamnadas M. Mehta: Now, Sir, I will come to the agriculturist for whom my friend Mr. K. Ahmed still seems to have some feeling left. I will appeal to you to see what this Bill means to the agriculturist. The number of agriculturists in this country according to the census of 1921 and the figures reproduced in the Statistical Abstract of India for 1923-24—the number of agriculturists according to the Census of 1921 was 23 crores. Out of these 23 crores the number of people who actually till the soil, not merely who are wage-earners or farm labourers, was 17 crores and 31 lakhs—the actual tillers of the soil who prosper if the produce of the land fetches more and who suffer if the produce of the land falls. Sir, the agricultural labourers also, whose number is 3 crores and 79 lakhs, rise or fall according as agriculture is down or up. I have got the figures of the Bombay Presidency actually worked out. I find from a publication by Mr. Findlay Shirras—being the report of an inquiry into the agricultural wages in the Bombay Presidency—that the number of agriculturists, people who are actually employed in agriculture, was 50 lakhs out of a population of 1 crore and 79 lakhs in the Bombay Presidency. These 50 lakhs were divided into 34 lakhs of people who work on their own land and 16 lakhs of people who work on the lands of others. Out of these 16 lakhs a large number receive their wages not in cash but in kind. This is mentioned on page 3 of Mr. Findlay Shirras' book that the wages of the agriculturists were in grains and not always in cash. Therefore, these 50 lakhs of people depend directly on the prosperity or adversity in agriculture, and when you remember that one man represents at least three persons—a wife and a child—then these 50 lakhs become 150 lakhs or out of a population of nearly 1 crore and 79 lakhs in the Bombay Presidency, 1 crore and 50 lakhs are directly maintained by agriculture, and the remainder depend on industries, trade, public service and other professions. The All-India figures from the Statistical Abstract for India lead to the same conclusion. This means that 17 crores and 31 lakhs are the actual tillers of the soil and the remaining 3 crores and 79 lakhs of farm labourers and wage-earners are in the same boat. The fact that agriculture must suffer as a necessary result of the appreciated rupee will be borne out by a reference to the *Labour Gazette* of Bombay. The other day we heard so much of the rise in the price of pulses and cotton. I will now show that although the average cost of living is 155 as against 100 in 1914, the agriculturist does not receive Rs. 155 where he used to get Rs. 100 in 1914. It is only if

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he receives Rs. 155 now that he can be said to be on an equality. According to the *Labour Gazette* the price of rice in 1914 was Rs. 100, in 1927—February, i.e., the latest—it is 134. In wheat against 100 in 1914 it is 130 to-day. In jowar, which is the staple food of a large number of people, as against 100 in 1914 it is 137; bajri 134; gram 155—that is the only thing which has risen up to the average—tuar dal 151; sugar (gur) 167. These are the prices of the articles which the agriculturist receives for his produce as against the cost of living which according to the *Labour Gazette* is 155 to-day. So, it is quite clear that the agriculturist is paying 155 while he is making 135. I shall deal with cotton separately. My friend Mr. Aney who comes from Berar and is therefore interested in the lot of the cotton grower has passed to me a letter containing the views of a gentleman associated with the co-operative societies. This gentleman writes to the Co-operative Societies, warns them against the coming danger and suggests to them to be cautious while giving loans to the cotton growers because he says the prices of cotton will go down. This was done last year in May and it is really surprising in how prophetic a vein this gentleman wrote:

"I venture to suggest the desirability of adopting from now a restrictive policy in financing the Societies in cotton areas."

Why?

"My reasons,"

he says,

"for offering this suggestion are that there has been a steady continuous decline in the prices of cotton which have now definitely gone below the level of Rs. 330 per candy. It is at present fluctuating round about 330."

He was talking in May, 1926:

"If no unexpected factor operates to cause violent fluctuations in the cotton market I anticipate a further decline and considering the situation as a whole, the prices may not get stabilised till the level of 275 or 250 is reached. This is likely to occur in the course of a single year"

—and that is so to-day,—

"and in any case will seriously affect the recoveries from the next season."

He is now warning the Co-operative Societies against lending to the agriculturist:

"Even with the present prices"

—mind you, even with the present prices, which were 380—

"Even with the present prices the extra profits which the cotton growers were getting for nearly a decade have disappeared and with a level below 300 the majority of cotton growers will be selling their produce at or below the cost of production."

He says this when the price level was Rs. 300 a candy. To-day it is something like Rs. 250 a candy. If the cotton grower was selling below the cost of production with Rs. 300 a candy, at Rs. 250 he must be suffering a further loss of Rs. 50 a candy, and this in the words of a gentleman who apparently is in the most direct and intimate touch with the cotton growing area.

Mr. K. Ahmbé: It is a small percentage of the population.

Mr. Jamnadas M. Mehta: "The changes in the habits of cotton growers and their farm organisations brought about by a temporary prosperity of nearly a decade are of such a nature and the coming depression would be of such intensity that it will take the cultivators a period of about seven years to adjust themselves to the altered conditions. Cautious measures are suggested to tide over safely this period.

In my opinion the crisis has already begun and its effects will be felt at the time of marketing the crop of the next season. (They are being felt.)

So far as the co-operative movement is concerned substitution of cereals for cotton and consequent reduced cash requirements and reduced ability for cash repayments may be anticipated. It may also be anticipated that the cotton growers will have to be under great pressure for a long period and the work of recovery from the members will prove increasingly difficult. I also anticipate a considerable unemployment and the families of small holders depending for extra incomes on engagement as ploughmen, etc., will be hit very hard. The effect of the depression, in ordinary course, will be greater on the short staple zones but even in other zones my information shows that the cultivators are inconvenienced even with the existing level of prices. Very satisfactory recovery during this season with an increased demand for the ensuing season may be taken as a definite sign of impending difficulties.

My definite suggestions are that financing may be regulated on calculating the returns at about Rs. 60 lower than the current ruling prices and that a very close scrutiny of demands of the societies in the area under cotton may be made before further instalments of loans are advanced.

I am inclined to write on this subject as I felt that any crisis in the Societies in the cotton tracts will react on the whole credit movement of the province. I had been anticipating these developments for the last three years and have ventured to invite your attention to it now as I think that it has reached a critical stage."

This is the opinion of a gentleman who knows what he is talking about, and to-day all the co-operative societies, so far as my information goes, are acting on this cautious and restricted policy of loaning money to the agriculturist. What does it imply? That his land whose value for the purpose of loans stood higher before the appreciated ratio has gone down in value. That means that the amount of money that the agriculturist can borrow on that land will be less, and if his liabilities continue high as they are bound to continue until adjustment takes place, then he will require more loans and he will be able to get less. The result would be that he would be unable to finance his operations and evictions, ejections and landlessness will be the inevitable lot of the average agriculturist in this country under 1s. 6d.

Mr. K. Ahmed: Quote the name of that co-operative society.

Mr. Jamnadas M. Mehta: I do not know its name, but my Honourable friend Mr. Aney has satisfied me that the letter is from a thoroughly authoritative source. I shall now turn to industries; conditions there are quite identical. The price of raw materials and the price of stores will decrease to some extent but the price of labour, the price of depreciation, the price of interest charges, rates, taxes, insurance, all these in the case of industries would remain the same as in the matter of agriculture. The prices of stores will, according to my Honourable friend, Sir Victor Sassoon, go down by only 5 per cent. Interest charges will remain the same, the wages will remain the same, taxes, insurance, etc., will remain the same, and whatever cannot be adjusted—the brunt of the burden must fall on the profits of the investor and the wages of labour. These two will be hit hard during the next seven or

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eight years when the adjustment will be going on. I have here some telegrams collected from newspapers—a mere random collection from newspapers, not a deliberate collection—to show how the wind blows. Much has been said about the wages of labour and Government have professed a great deal of anxiety for the wages of the wage-earners. This enthusiasm in the interests of labour is certainly very welcome, but when, in fact, it is used as a cover for hitting labour and hitting every other interest in this country, the value that is to be placed on these professions has to be considerably discounted. Sir, I represent a constituency where labour forms one-fourth or one-fifth of the population and my sympathies with labour and the wage-earners are more genuine, they cannot be less genuine than anybody else's. If the wage-earner lives and flourishes, if he prospers, no heart can be more glad than mine; but I can visualise the terrible positive effects on the wage-earner of this process of adjustment. His wages will be reduced, but the reduction may be surreptitious even as this rise in the exchange has been. This reduction can take place in five ways. There may be a reduction of the number of workers employed. Individual wages may be lessened. Insistence on a larger amount of work for the same wages will also mean reduction of wages. Extension of hours of work will also mean reduction of wages. Curtailment of holidays, leave and other rights hitherto enjoyed will also mean an indirect curtailment of wages, and all these are going on, and they will begin now in right earnest. I will take the reduction of wages proposed in the Great Indian Peninsula Railway Wadi Bunder staff. There the staff has protested against the contemplated retrenchment and the protest is published in the *Daily Mail* of Bombay, dated the 19th January 1927. The resolution passed by the workers and wage-earners was to the effect that:

“ inasmuch as the present hours of work at Wadi Bunder were unduly long and as there was already a heavy pressure of work on the staff retrenchment among the subordinate members of the staff was thought to be highly unjustified.”

Retrenchment, that is, cutting down the staff, is one way of reducing labour. I now come to Madras. I have a telegram dated the 12th February published in the *Times of India* of the 14th February. It relates to the Buckingham and Carnatic Mills. It is stated that:

“ the management had a proposal before it to reduce the number of operatives. The news caused panic amongst them and 600 operatives struck work on Friday afternoon ”,

and the result is not yet known. Let me come to the case of the Bombay, Baroda and Central India Railway staff. A telegram dated 26th February, 1927, from Ahmedabad appears in the *Times of India* of the 17th February. A memorial has been sent on behalf of the staff by Mr. Vallabhai Patel, President of the Association. Reduction in the scales of pay of goods train drivers, reversions to lower grades under the pretext of high consumption of coal and other grounds are opposed. This is the adjustment that is going on. Then I come to the Bengal Nagpur Railway strike. Among all the literature that we have read about this, one particular matter arrests my attention on the present occasion and that is this. One reason for the strike was that dismissals were taking place on the most trivial grounds; about 87 employees,

some of whom had put in more than 20 years' service were suddenly reduced in pay, while 20 chowkidars were summarily dismissed. This is the process of adjustment. It is going on in labour, in industries, and in railways; and will result in inevitable reduction of men and their wages, because after all the staying capacity of the workman is very limited and in that struggle he generally gets completely beaten and then accepts whatever he gets. The results of the strikes in the Bombay Presidency during the last year tell the same tale. I have them from the *Labour Gazette*. From February, 1926 to January, 1927, a period of 12 months, the number of strikes in the Bombay Presidency was 62. The strikes occurred not in one place but in Viramgam, Ahmedabad, Chaliagoon, Poona, Bombay, Kalyan, Nadiad, Ghatkopar, Broach, etc., that is scattered all over the Presidency. What is the result of these strikes? I may mention here that most of these strikes related to the reduction of wages or increase in hours of work or some other surreptitious way of reducing the wage-earner's emoluments, and the result was—that is the most material point—that out of 62 strikes, 5 of which are still running, 44 were entirely unfavourable to workers, 11 favourable to workers, 2 entirely favourable to workers. So 44 cases or nearly 73 per cent. of the strike, ended entirely in favour of the employers, which means that the worker was beaten, that he was hard put to it and that he had no staying power any further. This is the adjustment that is going on, that will go on; and yet we are told that this Bill is for the benefit of the wage-earner.

The Honourable Sir Basil Blackett: Did not the Honourable Member tell us yesterday that the adjustment had not begun?

Mr. Jamnadas M. Mehta: I have said that it has scarcely begun, if that is any consolation to the Honourable Member. Similarly, there is a strike in the Emperor Edward Mill in Bombay. There also reduction in rates and compulsory wedding contributions were the causes of the strike. That strike is still going on. This inevitable process will be a prolonged and embittered struggle in which the worker will be beaten. The same will be the case in respect of agriculturists. Hundreds of them will be evicted. Many will become landless beggars and the rest will be simply living on a pittance or will be starving; and yet the grievances of this large number of people, 17 crores and 3 crores and 79 lakhs, do not arrest the attention of the Finance Member. When the watch dog himself begins to devour the sheep entrusted to his care, there is no hope for the flock, and I know it is entirely useless to appeal to the Finance Member.

Now, Sir, I shall turn to the adjustments that are going on in trade and industries. Mr. A. Geddes, the outgoing Chairman of the Bombay Millowners Association said the other day that the year just ended had unfortunately again proved to be one of unrelieved depression for the industry. The total losses incurred in the Bombay city amounted to Rs. 3 crores. It was not yet possible to say what the losses will be this year, but that the losses will be very heavy was apparent. Several mills were forced into liquidation owing to the extent of their losses, others only surviving the same fate by securing financial assistance from their managing agents. Among private traders also insolvency has been on a large scale. I have come across a telegram from

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Hyderabad, Sind, dated the 1st February. I notice that Mr. Harchandrai is not here. Otherwise he will appreciate what follows. A firm, established 80 years ago, of bankers and produce merchants have appointed one Mr. Mukhi Ram as non-official receiver of their property. Several middle and poor class people will come to distress. It is understood that the failure of the firm will be followed by several other bankruptcy applications and there is great panic and scare. If Honourable Members will read the Government Gazette that we receive every Saturday or Monday, they will find that the list of insolvencies is growing. Only two industries flourish as a result of this higher exchange, that is the industry of making people insolvent and the industry of the usurer. The other day I was reading a publication called the Statistics of the Sea-borne Trade of India in the calendar year 1926. It shows that our sea-borne trade has been reduced by 15 per cent. and 15 per cent. means a loss of over 80 crores, and out of this the loss on the export trade alone was 75 crores. We could have got more if the rupee was not appreciated. Sir, instances could be multiplied but this single instance ought to suffice.

And now I come to the cumulative effects of these various descriptions that I have given. Sir, the agriculturist of this country is an individual who deserves every sympathy and encouragement that this country or its Government can give him. Ever living on the brink of starvation, ever immersed in debt, always a victim in turn of the sowcar and the sircar, always exposed to the vagaries of the monsoon, working in summer and winter, and rain, this individual ought to deserve at the hands of this Government and this country the utmost sympathy and the greatest assistance that he can receive. But is that being done? While on the one hand we have the appointment of the Agricultural Commission, on the other, the whole agricultural population of this country is being put to a period of prolonged and severe strain and distress. The poor man who uses a postcard has now got to pay two pice where he paid only one. I am afraid he will now have to pay a further burden of 12½ per cent. Similarly, while we are waiting to reduce the duty on salt as a result of the higher exchange the salt duty instead of being 1-4-0 will be at 1-6-6 per maund.

The Honourable Sir Basil Blackett: Will the Honourable Member tell me what it will be in terms of commodities?

Mr. Jamnadas M. Mehta: It will depend on what and how much the peasant buys. He rarely buys anything except a little kerosene oil, a little gur (raw sugar), a little salt and a little cloth. These are the limits of his purchases. His house, if you will come with me into the country, is a thatched roofless shed. In that house the only furniture are his children, himself and his wife. That is the condition of the poor agriculturist. He rarely buys even this kerosene if he can help it and the exchange policy will now drive this individual to a prolonged period of strain and starvation. Postage, railways, salt, and last but not the least land revenue of 36 crores will have to be paid at an increased gold value of 12½ per cent. until the next revisional settlement comes into being. Even the heart of the Chairman of this Commission which was steeled against justice has admitted the force of this contention.

Mr. K. Ahmed: There is not much force in your speech.

Mr. Jamnadas M. Mehta: And to take from this agriculturist directly nearly 4 crores of rupees a year in this concealed manner is to my mind the height of inhumanity. And yet that is going to the result of this appreciated rupee until the new settlements are arrived at. The tax-payer all round will be paying more taxation in this surreptitious manner. The poor man's postcard already costing double of what it used to cost in pre-war times will be costing 12½ per cent. more without his knowing it. The 100 crores of the receipts from the Railways will represent 12½ per cent. of concealed taxation on the traveller and the trader. Instances can in this manner be multiplied showing how in every direction additional taxation will be levied through the dodge of higher exchange. The effects of economic laws are inexorable and they will be reflected all round in a depressed agriculture, industry, trade and commerce and in a general economic depression. Industrial activity will be paralysed. Insolvencies will multiply among traders and business men by the forced reduction of the value of stocks. Unemployment will follow as a necessary corollary of the depression in industry and a whole generation will be financially and economically crippled before this higher ratio will become truly effective. The only advantage as against these colossal losses and huge distress will be to the finances of the Government, who will continue to show for a few years surplus Budgets and superficial signs of prosperity. The jubilation of the Finance Member over the exchange surpluses can well be compared to the fiddling of Nero when Rome was burning. If we had a national Government, Sir, we could have appealed to them to desist from so hazardous a course. But our destinies are in the hands of a coterie of foreigners, and they act as the representatives of the British capitalists settled here as well as working from abroad. To relieve the Government from budgetary embarrassments, to increase by a stroke of the pen the emoluments of the aliens who already get the most extravagant salaries, to benefit the importers of luxuries by making imports cheaper to give a premium of 12½ per cent. to the remitter of profits from this country, these and similar are the objects of the appreciated rupee. In the name of the poor and bleeding agriculturists and peasants of this country, in the name of the tax-payer already ground down by heavy imposts, in the name of the infant industries of this country and in the name of the economic and industrial welfare of India as a whole, I appeal to the House, even at this stage, to throw out this Bill and show that the interests of this country are dear to our hearts. (Applause.)

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, we are at the final stage of consideration of this Bill. As a rule this final stage is utilized by Members of this House to wish God-speed to the legislation which has undergone the first two readings. For obvious reasons, I neither can, nor do I wish to, stand up to-day to wish this Bill that God-speed. But whilst I cannot agree, Sir, with the Bill as it will emerge from this House before long, I bear no spite to it, and the best wish that I can wish to the country as a result of the passing of this Bill by this House is that the painful process of adjustment through which the country will have to pass owing to 1s. 6d. being put on the Statute-book may be as little felt by the country as nature may possibly allow. It is not necessary for me to go into the various reasons why I

[Sir Purnotandas Thakurdas.]

think that the process of adjustment is by no means complete. The Honourable the Finance Member interrupted my Honourable friend Mr. Jamnadas Mehta and reminded him that on a previous occasion my Honourable friend may have stated that he did not believe that adjustment had even started. I am sure the Honourable the Finance Member has till now failed to prove the extent to which adjustment has been completed; and as far as wages are concerned, Sir, I do not think that the Finance Member and myself will be in wide disagreement when I say that it is at the best just beginning; and that was the burden of what Mr. Jamnadas Mehta was trying to prove.

But I did not wish, Sir, and would have very much disliked, to have to put before the House any more details regarding various aspects of the Bill but for the fact of the very exceptional and peculiar procedure that has been adopted by Government in the consideration of this legislation. Instead of bringing up this Bill at the beginning of this Session, the Government elected deliberately to cause a delay of 40 days, and when the Bill was brought up before the House on the 7th of this month, one section of the House began to be very impatient, Sir, at any remarks which Members from this side of the House made. I admit that we all want to get away from Delhi as soon as possible, but I submit with all humiliation that the method in which the Government chose to arrange the consideration of this Bill has not been to the credit of the Government. In this connection, therefore, Sir, I feel that there are certain explanations which are due from the Finance Member to this House, and especially, Sir, to the public of this country, before the final reading of this Bill can be allowed to go through. I therefore propose—and this is exceptional too at a third reading—to remind him, before I resume my seat of a few explanations which he owes to this House.

But before I do that I would, Sir, like to notice the apology of courtesy which the Finance Member was good enough to offer to Members of this House yesterday with regard to any hasty or any angry word that he may have said during the debate on this Bill. As one who has taken a prominent part—if people like to put it so—in connection with impressing upon the country the great necessity of having 1s. 4d. on the Statute and not 1s. 6d., may I hasten to return the courtesy to the Finance Member and assure him that nothing that I either said, did or wrote was meant to be an insult to him or in any way to be taken by him as personal. (Applause.) I assure the Honourable Member, Sir, that there are few in this House who have a higher opinion of the Finance Member's abilities than I have. But that does not mean, Sir, that I am to endorse his opinions when I feel honestly and strongly that the action that he is taking—be it under stress of circumstances, be it under any other considerations of which I may not be aware—can be either tolerated or put up with by us. I feel, Sir, that the Finance Member has since 1923, in spite of the deliberate opposition of the Indian commercial community and especially, Sir, of the constituency which I have the honour to represent in this House,—the Finance Member has with the support of the European commercial bodies in this country been carrying on a policy which can only be adequately described as a bold and exciting experiment with the currency system of this country. Sir, in the wide British Empire no country which had any powers of self-rule was open to the British Government for an experiment

of the nature which has been carried on in India. No country, Sir, could have tolerated this. I am aware of some Crown Colonies where the currency has been appreciated over the pre-war ratio. The Finance Member obliged me the other day by reminding me of Siam. I am very sorry that that is the estimate of the Finance Member of India over the financial fortunes of which country he has had the honour of presiding during these

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few years. I say, and I say it with all the emphasis I can command, that no major country in the world has been treated in the way in which India has been treated during the last five years, and it is a pity that this House has, under the peculiar circumstances of our constitution, Sir, endorsed it even though it be by a small majority of three votes. And, Sir, at this stage I should like to take up the point which the Finance Member made a point of great grievance against me in particular, although he did not name me, and against Members on this side of the House. He yesterday complained that there were people on this side of the House who made it a grievance that 25 million pounds worth of gold resources of India were chucked away by him. May I repeat it to him. with all humiliation, but with all the emphasis at my command, I repeat that charge again. I say that the Finance Member by following the policy which he has followed has deliberately frittered away India's gold resources to the extent of 25 million pounds and he has done that only for one purpose and one alone, namely, to maintain the 1s. 6d. ratio. Sir, the Finance Member asked "What is wrong about it? I collected those 25 million pounds for you during the previous two or three years. I kept them in London and I have used them for the purpose for which I collected them. I parted with the gold resources of India in order to maintain the 1s. 6d. ratio." Now, Sir, I do not wish in any way to annoy the Finance Member, but all that I can say is that that explanation is nothing short of adding insult in the injury done to India. It is bad enough to have frittered away 25 million pounds worth of our gold resources; but it is an insult to this House to try to justify it and say "because I collected it in the past two years, I am justified in having frittered it away." I submit that if the Finance Member collected 25 million pounds of our gold resources in the previous two years, any other country similarly placed as India which had a Finance Member would have done that. If there was not an ineffective ratio on the Statute, if the Government of India had not persisted in keeping the ineffective ratio on the Statute of 2 shillings to the rupee, these 25 million pounds need not have remained in London in the form of sterling securities in the Paper Currency Reserve, but might have come to India as gold. Now, what was it that justified the Finance Member and the Government of India parting with these in a manner which was avoidable? Is it contended, Sir, that they had the consent of the Assembly in order to maintain the 1s. 6d. ratio? It was all done by executive action, and I submit again that that charge will always lie at the door of the Finance Member of the Government of India in the year 1926-1927 that in order to maintain a ratio which was pre-conceived and pre-arranged between the India Office and the Government of India, 25 million pounds worth of India's gold resources were deliberately, and avoidably, frittered away.

But I have one explanation and one apology to make. It is a subject which you know, Sir, and you spoke to me about it. Mr. E. I. Price to whom I referred on the 8th of March has written to me and pointed out that my quotation from his correspondence in the newspaper as given on

[Sir Purshotamdas Thakurdas.]

page 1891 of the Proceedings of the Assembly of 8th March 1927^o is due to an error. I there said, Sir, that Mr. Price had said:

"that the salaried European with children to educate in England regards Bombay's action as little short of criminal."

Bombay's action, Sir, in this matter was that a few people in Bombay took the lead in pressing for the 1s. 4d. ratio. Mr. E. L. Price, writing to me on the 15th of March, points out . . .

Mr. H. G. Cocke (Bombay European): This year?

Sir Purshotamdas Thakurdas: After this quotation was made by me.

Mr. H. G. Cocke: What year? 1927?

Sir Purshotamdas Thakurdas: Did my Honourable friend think that I gave the quotation of 1926? I was not in India in March 1926:

"The quotation you now refer to was the *Statesman's* own comment on my statement that Government in October 1924 had prevented the rate rising above 1s. 6d. I am in no way responsible for that comment. I repeat my assurance that I never said or wrote anything of the kind and that I never even considered such a point as affecting the issue. I shall be obliged if you can see your way to clear me from the imputation."

I hold in my hand a cutting from the *Statesman* of Calcutta, dated December 14th, 1926, from which I took the quotation made by me on the 8th instant. The particular sentence appeared to me and has appeared to several other friends to whom I have shown this cutting as being a quotation from Mr. Price's letter. I now have great pleasure in saying that this is not a quotation from Mr. Price's letter, but it is the opinion expressed by the editor of the *Statesman* in one of the small leading articles or small notes editorially published in that paper.

Mr. K. Ahmed: But Mr. Moore differed from you.

Sir Purshotamdas Thakurdas: It does not matter. Let my Honourable friend follow this, and keep quiet if he wants to get on faster. (Laughter).

Now, Sir, I particularly and specifically want to ask the Finance Member if he thinks he has treated this House and especially this part of the House even with some consideration which was due if he wanted Members to consider the question fairly and without prejudice, if he has treated us fairly when he asked to be allowed to waive his right of reply to the debate on the ratio amendment which necessitated his omitting to give replies to the six questions which I had put him and which I understood he agreed to answer. Need I repeat, Sir, those questions? I would rather not repeat the questions, because I think they may take more time. Those questions are printed on page 1804 of the proceedings of the 7th March. May I ask if he is prepared to give us replies to those questions, because whatever the result of the voting may be, I think it is due to those who hold the opinion that 1s. 4d. was right that the Finance Member's replies to these questions should be on record?

My friend Mr. Moore said, Sir, that if you had the lower ratio of 1s. 4d. on the Statute, you depreciate the silver savings of India. That was on the 7th March. I interrupted him and asked whether he really thought that with the lower ratio of 1s. 4d. on the Statute the silver hoardings or savings of the poor masses of India about whom he undoubtedly is so

solicitous were depreciated. Mr. Moore then said that he thought that the silver hoardings in the shape of rupees would be depreciated, and he estimated that these silver rupees hoarded by the masses of India may be in the neighbourhood of 100 crores. May I put it to Mr. Moore whether, if he is so very anxious about the rupee coin being depreciated by the ratio of 1s. 4d., Mr. Moore will agree with me that the silver ornaments of the masses of India undoubtedly are depreciated in rupees at the higher ratio of 1s. 6d., and if my friend agrees with me there, may I ask him to make a very rough calculation—and I know he has a very efficient staff in his office for that purpose—as to what is the amount of silver ornaments and other silver holdings of the people of India as against 100 crores of coin rupees which he estimates the masses have in hoard? I am sure he will find that the amount of silver ornaments and other silver hoardings go into multiples of 100 crores of rupees. But there is one thing more. Even that 100 crores of rupee coins which my Honourable friend Mr. Moore estimates, I submit to him is an exaggeration and at best only a figure which can be classed as guess work; the other figure regarding the value of silver ornaments is a matter of practical knowledge of anybody Mr. Moore may choose to consult. So if Mr. Moore is anxious that the silver savings and ornaments of the masses of India should not be depreciated, I suggest to my Honourable friend that he does exactly this by voting for 1s. 6d. And the harm he thus causes to the masses is much greater because the coined rupees are estimated by him at 100 crores at the best, while the silver ornaments are worth several times that.

The Honourable the Finance Member asked me if I thought 1s. 4d. gold had been effective for the best part of 26 or 28 years, from 1898 up to date. I suggested to him that when he differed from me he was thinking of 1s. 4d. sterling in the intermediate period. I should like to get clear about this. There is not room for difference of opinion. From 1898 to 1917 we were round about 1s. 4d. gold. The whole question is, what happened between 1917 and 1921. I have got, Sir, certain charts and certain other material available to me, which show that, barring a very short period, 1s. 4d. gold and the proximity of 1s. 4d. gold was what the exchange rate ruled at; but even for this I would appreciate official figures from the Finance Member for the record of this House, and I request the Finance Member to give us figures regarding 1s. 4d. gold and not regarding 1s. 4d. sterling. It is known that since October 1924, when 1s. 4d. gold was deliberately passed over by the Government of India, as it now turns out to be by arrangement with the India Office, it has been higher than 1s. 4d. gold.

My Honourable colleagues Mr. Birla and Mr. Jamnadas Mehta and I took considerable pains to prepare this statement showing the rupee expenditure and the expenditure of the Government of India converted into gold at the rates of exchange ruling according to Government statistics again on the 1st of March each year. The years are 1923-24, 1924-25, 1925-26, 1926-27 and 1927-28. Several Members from this side of the House requested the Finance Member either to correct or to confirm this statement. The Honourable the Finance Member said that in another place he had given a very full reply to this. I, not having seen a report of that reply, at the time this question was raised, was unable to say anything. I have now in my hand a report of the Council of State debates of the 5th March.

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1927. From page 467 thereof I see there is a small paragraph in which he says:

"I have attempted during the course of to-day to work out a true comparison between our expenditure in 1923-24 and to-day,"

and he then goes on to refer to the basis of 1914 prices, and he congratulates himself that the excess in commodity prices on the 1914 basis is as little as he makes it out to be. Even there one would have appreciated it, if he really wanted the Legislature of India to judge this question fully in the light of figures if he had put before us a statement prepared on parallel lines, or if he could have improved upon that, and let us decide which of the two methods of calculation was correct. But I wish, Sir, to ask the Honourable the Finance Member whether he is not adding to the confusion which already exists in the minds of some who have not had time to study this question by bringing in "commodity prices." Comparison with 1914, Sir, does not give us any idea of this question. The whole comparison is between 1923-24, which is the budget year perhaps coinciding with the report of the Inchcape Committee, or immediately following it, and the present one. Even if you go on the commodity prices since the 1st of March 1923, and I remember that the report was submitted to His Excellency the Viceroy on the 1st of March 1923, the fall in world prices and in prices in India has been as follows: In Great Britain on the 1st of March 1923 the index number of prices was 163. In December 1926 it was 147. In America it was 159 in March 1923, and last November it was 148. In India on the 1st March 1923 the index number of prices was 181, and last November, 1926, it was 146. Even from that point of view the rupee has been heavier, has been able to buy more, and I submit that there has been no reduction in expenditure in rupees on which the Finance Member can congratulate himself. I feel that the comparison by conversion of the rupee into gold at the current rate of exchange on a certain day in that year—and the Finance Member may if he chooses take any other date instead of the 1st of March—is accurate and correct, and I can assure him that, before I and my friends put forward this statement, we gave very serious thought to it, and we were completely convinced that the argument which is made out by these figures is one which cannot be easily met. At any rate I feel that the Finance Member might have met us by putting before us a statement calculated on the lines that he wished to make out. Even, speaking in the Council of State, he says: "I have not got the exact figures". Surely, Sir, when we are considering the question of altering the standard of monetary unit in the country for ever hereafter, it was almost the duty, if I may say so, of the Finance Member to put before us calculations on such basis as he thought was warranted.

Sir, we have got to-day the Royal Agricultural Commission sitting. I have not the least doubt that any effort made by the Government of India to improve the lot of the agriculturist is welcome, but I wish, Sir, to read to the House just one paragraph from a letter which I received since I arrived here from a missionary gentleman not very far from here, who is running special classes in order to give training in better agriculture to agriculturists in the villages. He says in the letter, dated 19th February:

"I am most anxious about the future of agriculture and its enormous exports. These can only be paid for through the usual banking system and that must clearly mean an intolerable loss to the farmers of India. What is the use of our teaching

improved farming to the boys and trying to uplift the villager if his profits are to be filched from him by ways and means that he cannot understand or resist. It would be heart-breaking to carry on rural education for the purpose of bolstering up budgets."

That, Sir, does not come from an Indian politician; that, Sir, does not come from a member of the Currency League; that, Sir, comes from the heart of a white man, and all credit to him that he frankly declares that the method by which the 12½ per cent. is being taken away from agriculturists in a manner that he cannot resist, discounts for years to come what little can be done by way of education or by way of providing the agriculturist of India with a little more up-to-date method of farming. I have, Sir, a telegram from Karad, District Satara, from the Ogale Glass Works, manufacturers of glassware and hurricane lanterns, who I understand manufacture something like 1,000 lamps a day, similar to hurricane lanterns. They say:

"Our industry hard hit owing to proposed currency legislation, strongly oppose 1s. 6d. rate, reversion to 1s. 4d. absolutely necessary."

Another one says and it is the Kirloskar Wadi people this time, the very enterprising manufacturers, Sir, of the Deccan. They say:

"Our industry, specially bolts, threatened with extinction owing to proposed currency legislation. Strongly oppose 1s. 6d."

But, Sir, the strongest and perhaps the most touching wail comes from Jaipur. I received a telegram about the beginning of this month communicating to me, Sir, the resolution passed at a meeting of merchants in Jaipur. That telegram was confirmed by a letter. The letter says:

"The principal industries of this town are:

1. Manufacture of precious stones
2. Painting
3. Dyeing
4. Artistic brassware.

All these products are exported in large quantities to overseas markets, and since we are required to quote values in the English currency we now get only Rs. 13/5/4 instead of Rs. 15 for every £ sterling. It is certainly in our discretion to raise prices so as to adjust them to the present ratio, but everywhere trade is so slack that we have to lower rates rather than think of increasing them and even then we can hardly induce any appreciable business. This cut of 10 to 14 per cent. as the case may be in the invoice value therefore practically forbids business and thousands of artisans have been thrown out of employment and acute misery prevails in the town."

Sir, since the ratio amendment of 1s. 4d. was thrown out I have had during the four days' holiday last week an interview or rather a visit from the Assistant Secretary of the gold thread industry in Benares. He told me a tale, Sir, which made me feel very miserable. He said that in Benares the gold and silver thread industry which is the pride of India and is certainly the pride and a great source of prosperity in Benares till now, has been carrying on since the last two years with considerable difficulty. In Benares the bad effects of the 1s. 6d. ratio are now being perceived to be so onerous that the people concerned in this industry specially deputed him to interview legislators in Delhi. He said to me that although 1s. 6d. has been prevalent for the last two years or so the people there were hoping that when the legislation comes up before the Assembly a change would be made; but that since the ratio amendment of my Honourable friend Mr. Jamnadas Mehta was thrown out those who are interested in importing this gold thread from abroad have got more bold and have begun to quote lower for imported articles. This person who was specially sent from

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that Association told me that their great apprehension is that out of the 20,000 artisans in Benares affected, of whom half are Hindus and the other half are Muhammadans (Julais), very nearly a considerable proportion will soon be on the unemployment list.

Mr. K. Ahmed: They are all religious minded.

Sir Purshotamdas Thakurdas: That does not matter. You try to live on religion and let us see about it! Sir, I could not do better than direct this special messenger from Benares to the Department in whose care local and indigenous industries and local labour are; I directed him to the Honourable Member in charge of Industries and Labour. But, Sir, the maleffects of this does not stop there.

Mr. President: With what result?

Sir Purshotamdas Thakurdas: The result was not so encouraging—that much I may tell the House; but I have a sufficiently woeful tale to tell without this and I may leave the Benares weaver to the Honourable Member opposite.

The Honourable Sir Bhupendra Nath Mitra (Industries Member): This gentleman did *not* come and see me.

Sir Purshotamdas Thakurdas: I may supplement that by saying the gentleman informed me—and I have no reason to disbelieve him—that he called twice at the house of the Honourable Member and that the first time he was told to come the following morning at 8, and when he went there again on the following morning, the *patawala* told him the Sahib had gone to the Lat Sahib!

Mr. President: At 8 o'clock in the morning?

Sir Purshotamdas Thakurdas: Yes, Sir.

The Honourable Sir Bhupendra Nath Mitra: It was up to this gentleman to write and ask for an interview. As a matter of fact I received no letter from him. If he came to the house and talked to a *patawala* I do not know anything about it.

Sir Purshotamdas Thakurdas: There was no time to write a letter. The man went there himself and sent in his card. I am quite prepared to believe that the Honourable Member knows nothing about it. Perhaps his personal assistant gave the visitor the reply. I have a letter from the Indian Merchants' Association of Singapore dated 14th February, 1927. It says:

"I beg to inform you that the following Resolution was unanimously passed by the General Meeting of this Association held on the 12th instant:

'This General Meeting of the Indian Marchants' Association emphatically protest against the recommendations of the Indian Currency Commission to fix the rate of exchange at 1s. 6d. per rupee which will not only inflict untold injury to the Indian trade in this part of the world but will also adversely affect the thousands of wage-earners here to the extent of Rs. 20 on every hundred dollars remitted to India'."

I have an elaborate memorandum here attached to the letter. I do not propose to trouble the House with that.

Now, Sir, against these opinions what have we got? Against that of course we have the opinion of the Government of India who have endorsed the Majority Commission's Report and I submit that since the majority report was signed the conditions that then prevailed and that prevail to-day are

substantially different. There has been a further fall of prices since 7th July last, but we have in any case the opinion of the Government of India, and we have, Sir, the opinion of the Associated Chambers of Commerce. Now, I do not wish, nor do I think it is right for anybody to say that when I mention the Associated Chambers of Commerce I am trying to bring up any question which is a racial one. Whilst I am the last person to raise any racial question I also think that it is wrong to overlook that owing to the divergent interests of India and of Europeans or Britishers in India there are contrary opinions. It is wrong not to mention these differences or to avoid them at this juncture. Now my Honourable friends of the Associated Chambers of Commerce press for 1s. 6d. because that rate benefits them. It is no use anybody saying "No." The Lords of the Treasury themselves said so, and surely, Sir, they were not Indians, nor were they Bombay men, nor were they politicians. Against these opinions coming from people who are interested in the uplift of agriculture, people who are interested in small and big industries, people who are interested in such industries as the Benares gold thread industry and Indians abroad, the Government of India and this House, Sir, has thought it proper to pass and put on the Statute-book the 1s. 6d. ratio. I therefore have nothing more to add except to repeat for the purpose of record that this Bill containing as it does this ratio cannot possibly have my approval.

Sir, I feel that there is a lesson to be drawn from what has happened till now. The Honourable the Finance Member speaking before the House on the 22nd January, 1925, said as follows:

"There are comparatively few people who claim a deep knowledge of Indian currency and exchange; there are perhaps even fewer who possess it. Yet currency enters into our every-day life in a way that hardly anything else enters. We all know what a rupee and an anna look like. Yet I think it is probably a subject about which less is known than any other subject in India."

Those were true words and it has now been proved by some speeches at least in this House that the Honourable the Finance Member when he said the above in 1925 was saying something with which we all must agree. But I submit, Sir, to the Finance Member that unfortunately the ignorance of the masses of the people and the ignorance at least of some Members of this House in connection with the currency question has been his opportunity. If only, Sir, the people could understand what has been done to their currency system during the last four years, I say that this House could not have dared to pass the 1s. 6d. ratio in the manner it has done. I admire the candour and I admire the frankness of my Honourable friend over there from Calcutta who pulled the legs yesterday of some of us who had tried to give our thought and a good deal of our time and money to the study of this question. He reminded my Honourable friend Mr. Jinnah about what he had said about experts. My only pity is that Dr. Suhrawardy from Bengal should think that even Romesh Chunder Dutt and Dadabhoi Naoroji and Gopal Krishna Gokhale were not authorities whom he could follow; and he decided for reasons which he never put before us that he would follow the reasons and the reasoning advanced by the Finance Member. It may be, Sir, that the Honourable the Finance Member is proud—perhaps justifiably—that he has at least impressed some Indian Members of this House. It remains in the lap of the future to know and to decide whether the Finance Member can be proud about it or may have to be sorry about it in the future.

But as against this anxiety on the part of some Indian Members of the House to keep open minds and not to learn even up to the day when the

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voting comes on, there is a very remarkable spectacle that you see on the other side. The Europeans all over the country have studied the question and are mostly for 18d.

Sir Darcy Lindsay (Bengal: European): Who says so?

Sir Purshotamdas Thakurdas: I will say so immediately if the Honourable Member will allow me to.

Mr. K. Ahmed: But some of them are voting with you.

Sir Purshotamdas Thakurdas: Yes; I will deal with them if Mr. Ahmed will have some patience. Every newspaper conducted by Europeans has been for 18d. and has some fault or other to find with Bombay and the alleged Bombay interests as being all for selfish purposes. My Honourable friend, Sir Darcy Lindsay said, "Who says so?" I am aware and I am very grateful for the three exceptions in his group who will be remembered for ever by India as Europeans who had the courage of their convictions, who thought right and who did what they thought. Not that I in the slightest degree challenge the honesty of purpose of the nine other members in that group. It is possible—and I repeat it every time—that they all must have voted according to their convictions. I concede that those who voted for 18d. may have also had the courage of their convictions. There is no use

Sir Darcy Lindsay: How is it only they who have got the courage of their conviction?

Sir Purshotamdas Thakurdas: Simply because of this, that we know that it wants a strong will. Sir, to go against what the Government want, because there is the social life and the life outside this House for Europeans. I am quite justified in paying a special tribute of admiration to some without challenging or in any way doubting the *bona fides* of the others. I say they all may have voted honestly, but I am quite entitled to admire those who rose to the occasion and voted with Indians, irrespective of what it may mean to them in their social life or personal interests.

Now, while as against this generally united effort and front, and as against this expert knowledge which was acquired by almost every European in the land, either newspaper or individual in India, the Indians, Sir, had open minds. The Indians could not understand the question, and the Indians had other considerations. They may all be equally genuine. Nobody wishes to doubt anybody else's honesty, and least of all, Sir, I believe that if I claim that what I say and what I do is honest, I must give the same credit for honesty of purpose to the other man, and I give him the greater credit in cases where the other person differs from me. The obvious lesson, Sir, is that unity has been strength and the contrary has been weakness and the case for 1s. 4d. has been lost for India through the latter cause. I only hope that this will lead the country on to greater effort to study the question so that Indians may before long discover that after all ignorance in this matter of currency questions is perhaps an ignorance which costs the country most.

Sir, a Bengal newspaper has a leader in its issue of the 9th March. It says:

"Every country endeavours to stabilise at the point at which exchange has been steady over some considerable period. There is no other method known to statesmanship that does not bring widespread ruin and immeasurable economic disturbance."

The question in this case to-day before India is whether it is 18d. on the Statute-book which will bring widespread ruin and economic disturbance or whether it is 16d. which would have avoided it. Nobody wishes to do any sort of prediction in this matter. I made my best effort to put before the country and this House my views as they not only struck me but as they almost oppressed me. As I said, the other day, it was for this House to accept my views or to reject them. The House having rejected the same, I feel personally that the responsibility as far as I am concerned is over. I only wish that the Finance Member feels as much relief as I do; because I am sure the question which now stares him in the face is, when is he going to borrow in London in order to maintain the 18d. ratio? After all, the resources left with him are £5½ millions sterling in the Paper Currency Reserve. Barring that, there is £22½ millions of gold in India and there is the £40 millions sterling in the Gold Standard Reserve. Whether the Finance Member will turn to that solid gold in India and export it to London is not a matter which I know of. That he will not touch the Gold Standard Reserve lightly we know from past experience. The £5½ million in the Paper Currency Reserve cannot help him very much; and when he borrows next in London to keep up exchange, I am sure, Sir, that he will not value his victory of to-day as much as some of his followers wish to. I have no option but to withhold my support to the third reading of this Bill.

Mr. Arthur Moore (Bengal: European): Sir, my only reason for an intervention, which I will try to make as brief as possible, is that my friend Sir Purshotamdas Thakurdas directly challenged me on two points. I am a very great admirer of the tenacity with which my Honourable friend sticks to his point; and I will try to put this question of the silver savings again as simply as possible. I ask Honourable Members to put aside for a moment their views about 16d. or 18d. and simply make up their minds on this particular question. Now, Sir, the point I made was this: the silver savings of India are, as we all know, of two classes; they are ornaments and coin. I quite agree with my Honourable friend that the official estimate of the hoarded coins which is about Rs. 100 crores, is a guess, and no one can know precisely how much it is. But we do know that it is a vast sum. Now, I understand that my Honourable friend does not attempt to contradict my argument that, if you depreciate your rupee from 18d. to 1s. 4d. you will reduce the value of those hoarded savings by 11 per cent. That is an absolute dead loss in gold value, and there is no way either of getting away from it or over it or under it. What was also in my mind was this, that the people of India have been called upon for a great many years past, owing to the tremendous fall in the prices of silver in the last part of the 19th century, to face a large depreciation of the other part of their savings, which—again I agree with my Honourable friend—are also a very vast unknown quantity. They had to face that loss. Now, having faced that loss, are they to be asked to face a further loss in the coin part of their savings? As regards the gain or loss in the value of their ornaments through the depreciation of the rupee, surely my Honourable friend is bound to agree with me that it does not really arise.

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I quite agree with him that if you depreciate your rupee, for every pound's worth of silver ornaments that you try to sell, you will get Rs. 15 instead of Rs. 18-5-4. But surely it has already been agreed, it is common ground on both sides of the House, that once the adjustment takes place, the purchasing power of the Rs. 15 will be exactly the same as that of Rs. 18-5-4. Therefore, Sir, to suggest that a loss which is purely a rupee loss owing to an appreciation of the rupee is comparable with the gold loss which you will undoubtedly suffer by having your coin actually depreciated is not right. They have suffered in the reduction of value of their silver ornaments in the last century, owing to the fall in the price of silver, and they should not now stand to lose by a reduction in the value of the rupee. But they are not called upon to face any further fall in the value of their silver ornaments. I say the value will remain the same, once the adjustment takes place.

Sir Purshotamdas Thakurdas: Exactly; that means adjustment is the whole point.

Mr. Arthur Moore: Now, Sir, one further point was raised by the Honourable Member at considerable length in reference to Europeans and the interest or supposed interest of the Europeans in the 18d. rupee, and I understood him to quote from an "Occasional Note" which appeared in the *Statesman*. Now, the crime, I understood him to say, was Bombay's action in this matter. The version that the Honourable Member gave us of this action was that Bombay took the lead in pressing for 1s. 4d., but if he will re-read Mr. Price's letter and if he will re-read the paragraph, he will find that nothing so vague as Bombay taking the lead for pressing for 1s. 4d. was mentioned, but what was referred to definitely was the speculative action of Bombay in sending abroad a great deal of money at 1s. 6d. in order to reduce the value of the rupee. It was not propaganda that was referred to at all. It was the definite speculative action of Bombay for the purpose of bearing the rupee.

Sir Purshotamdas Thakurdas: Sir, may I pass on to the Honourable Member the article from which I read, and ask him to read it out so that the House may judge whether the construction he puts on it to-day is justified by this article?

Mr. Arthur Moore: If the Honourable Member will pass it to me, I will read it.

Sir Purshotamdas Thakurdas: Will you read the whole? It is as true a copy as the House is accustomed to.

Mr. Arthur Moore (reads):

"Mr. E. L. Price, who has lived in the Bombay Presidency for more than twenty years and may be supposed to know what he is talking about, tells us that 'when Bombay is ungenerous, Bombay is ungenerous to dementia.' This is not pleasant hearing, but Mr. Price gives chapter and verse for his statement. He reminds Bombay that while the rupee is not to fall below 1s. 5½d., on the other hand it is not to rise above 1s. 6 3/16d. 'Of rupees at 1s. 6 3/16d. who took more advantage from 1924 to February, 1926, than Bombay?' he caustically inquires."

That is not propaganda.

"Mr. Price reproaches Bombay for ingratitude to Sir Basil Blackett for providing 'unlimited rupees' so as to prevent the rupee soaring to 1s. 7d. or even 1s. 8d. The salaried European with children in England to educate regards this action as little short of criminal."

Sir Purshotamdas Thakurdas: Where does the remittance question come in here except

The Honourable Sir Basil Blackett: May I suggest that the action which was little short of criminal was my action in preventing the rupee from rising above 1s. 6d.?

Sir Purshotamdas Thakurdas: That is what the *Statesman* says. I am glad the Honourable the Finance Member agrees with me.

Mr. Arthur Moore: Passing from that immediate controversy—(laughter)—no, Sir, I am not passing because I am afraid of the issue, because I think I have proved my point—passing to face the issue in a more radical sense—what is the supposed crime of the European in preferring a 1s. 6d. rupee? I notice that there is

Sir Purshotamdas Thakurdas: On a point of personal explanation, Sir. I never said that Europeans were "criminally" guilty of anything. That is what Mr. Moore in his paper the *Statesman* charges the Finance Member with.

Mr. Arthur Moore: Sir, I am not dealing with the paragraph in the *Statesman*. I am dealing with the Honourable Member's speech which was of an extremely racial character. The Honourable Member has desired to raise prejudice against Europeans over this matter. (*Cries of "No, no."*) Yes, Sir, he has most definitely done so. I wish to examine his point. It is apparently no crime for Bombay to remit home at 1s. 6d. in order to make a profit, but he has a great objection to a salaried Government official getting the higher benefit. (*Lt.-Col. H. A. J. Gidney: "Shame."*) Now, Sir, I can understand people wanting 1s. 4d. for the sake of India but I cannot understand them wanting 1s. 4d. merely for the sake of injuring Europeans serving in this country. And what does this higher ratio really mean? Sir, I tried to put before the Honourable Member in my original speech the interchange of goods and services. All it means is this, that a man who has got his children to educate at home and who remits his rupees in order to get sterling at home, makes these English schoolmasters and English tailors and bakers, and English landlords accept less goods and services rendered in India and give more in exchange of their own goods and services rendered in England. Is that doing any injury to India? (*Laughter.*) The Honourable Member tries to avoid the point.

Sir Purshotamdas Thakurdas: There is no point in it at all.

Mr. Arthur Moore: I think the Finance Member will entirely agree with me.

Sir Purshotamdas Thakurdas: Will he?

Mr. Arthur Moore: During the interval there will be depreciation.

Sir Purshotamdas Thakurdas: Ask him.

Mr. Arthur Moore: If you depreciate the coin of your own country, you are lowering the value of the goods and services of that country until gold prices have adjusted themselves. That is entirely an incontrovertible fact and the Honourable the Finance Member absolutely agrees with me.

The Honourable Sir Basil Blackett: As now stated, I do, Sir.

Mr. Arthur Moore: I am only responsible for my statement. I quite agree that once your ratio is adjusted—we are all agreed as to that—it will make no difference. But what will actually happen now if you depreciate your rupee, is that during the interval of time the goods and services of England will have their value enhanced as against the goods and services of India. What the Honourable Member is trying to do, if he depreciates the rupee, is to benefit the cold weather tourist. The tourist brings out his pounds and his dollars and gets more rupees, and will be able to make the hotel keepers and shopkeepers and agriculturists and everybody else in India work for him for less money during the period of adjustment. That is what the Honourable Member is trying to do. He prefers the cold weather tourist to the man who is giving his services to India,—except of course in the case of Bombay remitting home! Well, Sir, I am very sorry indeed to hear this racial argument developed at such length. Obviously any advantage does not concern merely the European. It concerns all money remitted from this country in foreign exchanges, and therefore it benefits not merely the European but all the holders of goods and services rendered in India as against foreign countries. I do not see how the Honourable Member can escape from his own argument. If it benefits the European remitting from this country and buying foreign exchange, obviously it benefits any Indian doing so.

Sir Purshotamdas Thakurdas: Certainly it does.

Mr. Arthur Moore: Is that not an appreciation of Indian goods and services as against goods and services rendered by foreign countries?

Sir Purshotamdas Thakurdas: At whose expense? That is the whole question.

Mr. Arthur Moore: At their expense until the adjustment is made. The whole question in this issue, which has been argued over and over again, is the interval in the passage from 1s. 6d. to 1s. 4d. That is the time when money is to be made and money is going to be lost. That is the time when some people stand to get richer and other people stand to get poorer.

Sir Purshotamdas Thakurdas: And a permanent increase in the burden of the debtor.

Mr. Arthur Moore: The Honourable Member has made very definite allusions to the views of Europeans. I was surprised to find myself described apparently by him as one whose natural tendency was to support the Government. But I think, Sir, that the majority in this House are not really influenced by these very intense racial appeals which have been made. We who sit behind Sir Darcy Lindsay do not claim to have the same intense Indian patriotism as Members who sit over there. That would be an insulting and excessive claim to make. But we do claim that we love the land we live in, and that in this issue, as in every issue that has come before us, we are thinking of the land we live in, and we are not thinking of the interests of any country, even our own country across the water, in preference to India. (Hear, hear.)

Sir George Paddison (Madras: Nominated Official): Sir, like my learned friend Mr. Srinivasa Aiyangar I am no Pandit, I do not approach these questions with the weight of great economic ability, but I do wish to rise just now to welcome on behalf of labour and the depressed classes—I am sorry my friend Mr. Raja is not here to-day—the decision that the House has taken. It may be, as Mr. Jamnadas Mehta has said, that we on these Benches here represent no one and care only for our stomachs.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): You misrepresent the depressed classes.

Sir George Paddison: I misrepresent the depressed classes? I am quite ready to challenge Mr. Chettiar to see which of us would be preferred after I retire if we fought the elections on behalf of the depressed classes. Well now, we have heard mostly about wages in Bombay town and Bombay Presidency and there seems to be a general idea that in the absence of a Labour Office and an efficient Bureau in other parts of India, these are typical figures for India. That is a point on which I differ very strongly, though, owing to the fact that Madras is poor and Bombay is rich, we have not been able to provide the money to have these elaborate figures compiled for Madras in the same way as in Bombay. Even taking the Bombay figures, I think from what I have seen and from what I have heard that it must be admitted that during this interim period, about which we have heard so much, that the person who stands to lose, or rather who would have stood to lose, but happily, in my opinion, will not now lose, is the labourer, the man, as Mr. Jamnadas Mehta has said, who gets a salary, gets a money wage. It may be that I personally shall benefit to some extent from this,—I do not know, I hope I shall—but the persons whom I am mainly interested in are the men on small, really small wages, and how Mr. Jamnadas Mehta can say that I can benefit by 1s. 6d. and shall consequently lose by 1s. 4d., whereas a man getting 4 or 5 annas a day will not do the same, I honestly fail to understand.

Mr. Jamnadas M. Mehta: By losing his employment.

Sir George Paddison: That is another matter. I am talking now of the persons actually getting wages.

Mr. Jamnadas M. Mehta: They will lose their employment.

Sir George Paddison: So you say, but I have heard nothing whatever in support of that statement.

Mr. Jamnadas M. Mehta: I read out a whole catalogue to show how this will happen, and was happening.

Sir George Paddison: Why should he lose his employment? Let us take the cotton mills in Bombay of which we have figures here, or the people in jute. The general idea seems to be on the opposite Benches that the index number being so and so the wages ought to have come down to suit it. It may be that wages ought to have come down, it may be that wages in Bombay are too high. (*An Honourable Member*: "No.") I am quoting from the famous minute of dissent. It is said here that wages in Bombay are 232 against 100 in 1914.

Sir Victor Sassoon (Bombay Millowners' Association: Indian Commerce): On a point of information, Sir. That is an inaccuracy due to a misprint in my evidence before the Currency Commission. The Bombay mill hands' wages rose *at the rate* of 232, but actually the wages to the mill hands have only risen to something like 212.

Sir George Paddison: Then this figure of 232 against 100 is wrong and the figure should be 212. Is that so?

(*Sir Victor Sassoon* nodded assent.)

Mr. Uhaman Lall (West Punjab: Non-Muhammadan): The real figure is 121.

Sir George Paddison: That is what I wish to know. There seems to be some real doubt in the House as to exactly how high these wages are, how

[Sir George Paddisor.]

much the increase is since 1914. What I want to tell the cotton industry is this, that it may be necessary, according to some people, to bring these wages down. I have done my part in holding scales even over and over again between capital and labour and all I have tried to do is to see what a railway man in England told me apropos of some strike in a certain class of work—to see that the workmen get a 'fair do,' as he called it, and if it is necessary that these wages should come down it is a matter for discussion between masters and men. It is not correct to say that the wages and prices go together, because if you look at these figures—I hope they are correct, I am not responsible for them, they are Sir Purshotamdas's figures—if you look at these figures you will find that in Bengal for instance from 1914 to 1918 the wages went up from 100 to 110. The prices went up from 100 to 178 and ultimately the average wages went up to 140 when prices went up to 218. They go slowly. They do not go absolutely together, as I think Sir Purshotamdas Thakurdas has rightly pointed out in his note of dissent. If it is necessary for these wages to come down, it is a matter for serious inquiry between the masters and the men and perhaps they might well wait till the Tariff Board has given their report and the exact position of the industry is known to the men and the public at large as well as to the cotton employers, but I do not want to stress that point. All I want to say is that if you are going to bring down wages, bring them down openly and frankly and do not juggle with exchange in order to bring them down. I am delighted to see that this method of bringing down wages which is condemned by the Currency Commission has not been carried into effect. I do not mean for a moment to impute any motives to any one on the other side, capitalists or others. All I want to say is that I am glad that this effort to bring down wages has been frustrated.

Now what I wanted to say earlier—while some one blew his nose and distracted me—was this—that Bombay is not typical of India as a whole. Now, any one who has anything to do with wages knows that agricultural wages go up and go down very largely in accordance with the opportunities for other kinds of work that exist. Take my own case. In Lincolnshire, the agricultural wages near Lincoln are higher than they are 20 or 80 miles away. The agricultural wages in Lincolnshire are lower than they are in Yorkshire because they are further away from the industrial area. So it is not fair to say that Madras or the United Provinces or other places, which are essentially agricultural and rural places, should be typified by what happens in Bombay. Even in the Madras Presidency itself you will find that wages where emigration is going on have a slight tendency to be higher than wages where there is no emigration. Wages are higher round hill stations like Ootacamund where the rich people from Bombay and Calcutta come and exploit the poor people of Madras, but in the Madras Presidency itself I am delighted to be able to say that as prices have gone down in the last five years—I think it is admitted—real wages must have gone up, because I find that money wages and the grain wages converted from grain into money are for the Presidency as a whole almost exactly the same in the last five years. I take the average wage for sowers, transplanters and harvesters who are generally the people who earn wages. I omit ploughmen, because ploughmen, as Mr. Jamnadas Mehta was inclined to point out, are rather difficult to estimate because sometimes they live in the house and sometimes they are small farmers and so on. But

the sowers, transplanters and harvesters are the typical agricultural labourers. Five years ago the average wage for these people was 5 annas 1 pie per man; it is now 5 annas 9 pies. It has actually gone up and I must say I am extremely glad to find it has gone up. There may be people who think that wages should have remained as they were in the old days. There may be people who say—and I think I heard a hint. to that effect—that real wages must ultimately remain the same. I respectfully differ from that. If it were a fact that real wages must remain the same then the slave who got no wages at all would be typical of the position of the ordinary worker, which I am happy to say he is not. But in old days, not so long ago—I think it was 1919-20—in a district of the Madras Presidency which I will not mention by name for fear I should add to Mr. Prakasam's habitual gloom, there was a strike where I was in charge of my present job, and the question was whether wages should be 2 annas or 2½ annas per day. And even now in Anantapur District, which is the poorest or almost the poorest district in our Presidency, wages have actually gone down from 4 annas to 3 annas odd. In Tanjore on the other hand they have actually gone up, I am glad to say. But in the poorest district there the wages, both in grain and in money, have adjusted themselves.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): May I point out, Sir, that in Anantapur District Government would not pay even 1 anna 6 pies a day for a man breaking stones.

Sir George Paddison: You are talking of the famine. Does the Honourable Member propose as a capitalist that the ordinary wage-earner should get exactly the same wages as a famine coolie? That is the whole thing I am fighting against, that he should not get a mere subsistence allowance which Mr. Prakasam apparently thinks he should get. May be he can live on 1 anna 6 pies a day. It is possible. But we do not want him to live on 1 anna 6 pies a day. And those sympathisers with labour who talk about wages in mills, wages in factories, wages on railways, wages everywhere, are always up against this fact that these small wages are given to the agricultural labourers. And those are the men who under this Bill will not suffer. I am sure the House has every reason to congratulate itself on this. Mr. Jamnadas Mehta may say that he has a large number of wage-earners in his constituency. But in Madras the type of persons whom I am speaking of—in Mr. Prakasam's and in Mr. Naidu's constituencies there may be an enormous number of agricultural wage-earners—are not voters. None of them are voters. Therefore I say, as was said in the House of Commons years ago apropos of India, that every Member of this House is a Member for the labourer and should look after the labourer. They should therefore be very pleased and proud that these agricultural wages are not going to go down. General wages may go down if it is necessary for them to go down. I do not say they will not go down, but they will not be brought down by legislative enactment.

One other word and I want to sit down. We have heard so much lately about the people on our side being paid servants of Government's brought here merely to record a vote. I wish, Sir, that similar chains did not bind any one in this House. I say that every man in this House—and I am speaking now of every Member who is interested in the cause of labour—would give his vote absolutely freely and frankly without any party question at all, as was done in the European group.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): We are quite ready to do so. Get the Government's permission.

Sir George Paddison: Get Government's permission?

Pandit Madan Mohan Malaviya: Set Government officials free to vote according to their conscience and judgment.

An Honourable Member: We are doing so.

Sir George Paddison: We hear

Mr. K. Ahmed: But I am told something else.

Sir George Paddison: Mr. Srinivasa Iyengar has told us that he is not a Pandit which is, I understand, a title given to leaders of parties in this House. (Laughter.)

Mr. Jamnadas M. Mehta: Mr. Jinnah is not a Pandit.

Sir George Paddison: But even though he does not lead the party, he reminds me of Mat Hannigan's famous and immortal relative:

"Who never was put out
And never was known to scold,
But if Hannigan's Aunt
Says "No! You can't"
Ye did what ye were told."

Sir, I beg this House to give the seal of its approval to the good work that we have—I honestly and personally believe—done on behalf of agricultural labourers and of wage-earners in India. (Applause.)

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

Mr. President: Honourable Members will agree that I have allowed unusual latitude and indulgence to them in the debate on this Bill and I think it is high time that the House should proceed to other business. I therefore propose to accept the closure.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, I should like to speak, but I will not keep the House for more than ten minutes. In view of the statements that were made in the speech of my Honourable friend Dr. Suhrawardy, I think, Sir, I ought to place on record my answer to that speech. I do not propose to take more than ten minutes and I ask you, Sir, to give me that indulgence.

The Revd. Dr. E. M. Macphail (Madras: European): I should like to submit that, if Mr. Jinnah is allowed to speak, I should be allowed to speak also in view of the attack against me.

Mr. President: The Chair has not the slightest objection if Honourable Members desire still to continue. I thought the questions involved in the Bill were fully discussed and the Honourable Members had nothing new to say. At every stage of the Bill they were given the fullest latitude to discuss these questions.

Pandit Madan Mohan Malaviya: In view of the immense importance of the subject, I beg of you, Sir, to allow at least an hour more for this debate, so that those who desire to speak and answer criticisms may have an opportunity of doing so. I request you to accede to this request. (Honourable Members: "The question may now be put.") As you said, we are willing to sit night after night to do our duty.

Mr. President: The Chair regrets that some Honourable Members yet feel that the debate should continue. In order to meet their wishes as far as possible I propose to continue the debate for half an hour more. Mr. Jinnah. I hope the Honourable Member will not be long.

Mr. M. A. Jinnah: No, Sir.

I had really no desire whatsoever to take part in the debate any further, but, Sir, the maiden speech of my Honourable friend Dr. Suhrawardy has compelled me at least to answer a few points that he made in his speech.

Mr. K. Ahmed: But you were not here.

Mr. M. A. Jinnah: I have obtained a copy of his speech, although I had not the pleasure of hearing the speech delivered. I have read it. Sir, it is his maiden speech and I believe that it is the convention of every Legislature that when an Honourable Member makes his maiden speech, and when he makes what appears to be nothing but a malicious attack, or, to use his own language, when he lets loose the tongue of calumny, the Member who is to answer is in a very difficult position. I will therefore not criticise him on this occasion, because it is his maiden speech; but I think I owe it to the House to point out that some of the statements which he made in his speech are not true. The first statement that he attributed to me was this. He said, "Mr. Jinnah waxed eloquent on the infallibility and sanctity of the Tariff Board, which is still ringing in my ears." Now, Sir, I refer him to the official report and I appeal to this House whether it is correct as to what I said on that occasion. My friend Lala Lajpat Rai challenged the sanctity of the Tariff Board Report and soon after he finished his speech, I said I entirely agreed with him, and I said that the Tariff Board Report is not the last word, and I said that, if it was fundamentally wrong or radically wrong, this House ought to reject it. Therefore, this statement which he attributed to me is not correct. The second statement which he attributed to me was this. He said:

"I wonder if he remembered when he appealed to the House not to sell India and degrade the representative character of the House, but he lost a golden opportunity of setting a good example of saving India when he walked into the lobby with the Government to give preference to British steel."

He, Sir, thus suggests that I deliberately walked into the Government lobby with a view to give preference to British steel. Sir, it is not true. I honestly believed that it was in the best interests of India and therefore I walked into the Government lobby, and I shall do so every time whenever I am convinced that it is in the best interests of India.

Now, Sir, with regard to his speech, I regret very much that he has given no reason whatsoever for his coming to the conclusion that he should vote for 1s. 6d. The only reason that he has given is, he says, that it was his common sense. Sir, I should have expected—and I speak with great deference because it was his maiden speech—I should have expected this learned doctor to have given, even from the point of view of common sense, some grounds for coming to the conclusion that 1s. 6d. is in the best interests of India and 1s. 4d. was not; but we find nothing in his speech except invectives. Then, Sir, he said that I appealed to the Members and said with regard to capital and labour, "Do not kill the goose that lays the golden egg." And he said—I take his own words,—“This argument does

[Mr. M. A. Jinnah.]

not appeal to me because for aught we know the goose may not be laying golden eggs, but eggs of steel, or no eggs at all."

Mr. K. Ahmed: Rotten eggs, rotten eggs he said.

Mr. M. A. Jinnah: Well, Sir, I hope that at a not far distant date *his* goose may lay an egg which he may be able to eat and digest.

Pandit Madan Mohan Malaviya: Sir

Mr. President: The Honourable Member has only 15 minutes within which he must conclude his speech.

Pandit Madan Mohan Malaviya: Sir, this is the last occasion on which I can express my views on the Bill before us for the consideration of this House and I consider it a sacred duty to do so. No Bill of the importance of this measure has come before this Assembly during the time that I have been a Member of it and I have been a Member of it for many years. I wish, Sir, to emphasise that the measure which is now being placed on the Statute-book—and the circumstances in which it is being so placed—is one for which the people of India will ever feel sorry and will ever hold the Government responsible for having committed upon them a great injury. I consider, Sir, that the enormity of the evil which the measure involves has not been realised. The question of tampering with the currency of the country ought to be dealt with in a different spirit. When the Government decided that they should stabilise the rupee at 1s. 6d., what was the course they adopted? The Honourable the Finance Member settled it in his own mind and the Government of India settled their mind that they would fix the exchange at 1s. 6d. And what is the course which they adopted since that time? The course which was adopted has been brought to the notice of Members of this House. Having first decided that 1s. 6d. should be the rate, they appointed a sort of a Committee for a formal enquiry. How that Committee—called the Royal Commission—was filled, Sir, has already been stated. But I wish once more to remind the House of it before Members go to vote upon the Bill, that the Committee was appointed with a definite idea as to how the Members were likely to vote. This is not an idea which we Indians alone on this side of the House entertain. Even some distinguished Englishmen have expressed the same feeling. The *Statist*, which cannot be accused of any hostility to the Government of India, drew attention to this fact. And when the Commission had reported, as it was desired that the Commission, carefully selected with that object, should report in favour of 1s. 6d., what was the further action taken by the Government? When the Report was published and the matter had to come before this House, how were Members nominated to this House without exception? Only those who were known to hold the view in favour of 1s. 6d. or those who it was certain would vote with the Government, were nominated. I submit the Government failed to do its duty by the people in so selecting Members for nomination. I grieve further to say that great pressure has been brought to bear upon some other Members to induce them or to lead them to vote in favour of 1s. 6d. Now what I say is this. Where such momentous interests are involved, the Government should have acted fairly towards the people. They should have selected men, whatever views they might

have held, they should have selected men for their known probity, intelligence and ability to offer an independent opinion' upon this question, and let them know that they were free to vote as the free air. That has not been done, and we know how the voting has taken place here. Even in this House—not only in the lobbies but within the House itself—pressure has been brought to bear upon Members to vote on the side of Government. I submit all this has been very wrong; and that a measure of great national importance should be placed upon the Statute-book in such a manner and in such circumstances, is I feel a wrong to the country for which there is no parallel.

Now, Sir, when the Commission's Report was published the *Statist* pointed out how the 1s. 6d. rate had been maintained. The whole basis of the recommendation in favour of 1s. 6d. is that the 1s. 6d. ratio has been maintained for two years. But what did the *Statist* say? Writing on the 7th August, 1926, immediately after the Report was published, the *Statist* said:

"In January last (and also in the three preceding months) the rupee exchange was at an average of 1s. 6.203d. After the month mentioned there was a decline, the average in April being 1s. 5.878d. In April the Government of India intervened in support of the Exchange by augmenting their London balances against sales of rupees. They transferred three crores of rupees from the paper currency reserve to the Secretary of State's balances in London and undertook to sell Reverse Councils at a minimum rate of 1s. 5½d. the rupee. In consequence of these measures the rate was raised to an average of 1s. 5.931d. in July. It would be idle to pretend that in thus intervening in support of the rupee the Government of India were not either anticipating the recommendations of the Commission or giving the Commission a straight hint as to the rate they should recommend for stabilisation. There seems indeed strong ground for the belief that, had it not been for the Government's action, the open market Exchange would have sunk to a rate that would probably impel the Commission to recommend the old parity of 1s. 4d. for the rupee."

Writing on the same subject in another place, the *Statist* said:

"The rate fixed as the new parity for the rupee is 1s. 6d. though native opinion demanded the old rate of 1s. 4d. Since April last the Government of India have been supporting the rupee at this rate by undertaking to sell Reverse Councils at a minimum of 1s. 5½d., but it is highly questionable whether the rupee would not have fallen to 1s. 4d. if the Government had not intervened."

The paper further said:

"Obviously the principal link in this argument is the claim that adjustments in Indian prices to a 1s. 6d. rate have already taken place. The most cursory investigation of the Report's arguments in support of this claim will show them to be somewhat inconclusive. We may first of all ask ourselves why adjustments should be necessary. Theory would have us believe that Exchange fluctuations are but the reflection of relative changes in price levels, and therefore that a 1s. 6d. rupee rate had been arrived at as the result of relative changes that had already occurred in the Indian price level. This contention would hold good if the rate of Exchange had been left to the free play of unhampered economic forces. This has not been the case in India. For reasons which it would be charitable not to analyse too closely, the policy of the Indian Government since the rupee became divorced from its pre-war parity of 1s. 4d. has always had as its objective, stabilisation at as high a rate as possible. This is made clear, beyond any question of doubt, by the publication of official correspondence between the Secretary of State and the Viceroy, from which Sir Purshotandas has quoted fully in his minute of dissent."

Then the paper went on to say:

"The decision to stabilise the rupee at 1s. 6d. gold had been made by the Government of India before the appointment of the Commission, and it may be recalled that while the Commission was still deliberating, the executive took artificial means to

[Pandit Madan Mohan Malaviya.]

prevent a depreciation of the rupee below the level of 1s. 6d. at a time when this depreciation would merely have reflected the general fall in gold prices that has taken place in the past eighteen months, a fall which should not of necessity have communicated itself in full to the level of Indian prices. We attacked the action of the Indian Government in these columns at the time, and subsequent developments have strengthened our conviction that had the Exchange rate been left to the play of unhampered economic forces, the pre-war parity of 1s. 4d., and not the parity of 1s. 6d. would have been the *de facto* rate when the Commission came to draw up its report."

I request Members, Sir, to remember these facts that the Government of India decided before appointing the Commission that they would fix at 18d. as the rate, for the rupee, that they took executive action to maintain exchange at that rate even while the deliberations of the Commission were going on, that when the Report was published they took special care to nominate such Members to this House as they knew would support that view, and that when the deliberations were over and the voting was taking place they still tried every measure they could to get support for the view that they had adopted before the appointment of the Commission. I ask the House further to remember, Sir, that this is a measure the effects of which will be felt far and wide in this country. Sir George Paddison talked of labour losing if the other rate were adopted. He does not know how industry has been hit, how prosperity has suffered, how the agriculturist has been hit and he does not pause to realise the consequences of that want of prosperity. The country has suffered more during the six years past than one can tell; and I am grieved to think that a measure of this importance should be placed upon the Statute-book by the decision of one man or one or two men in the Government of India. I have no ill-will towards Sir Basil Blackett. I do not accuse him of any improper motives; but I do submit that in the whole world it will be difficult to find a parallel to a case like this, where the opinion of one man, supported it may be by the opinion of another man across the seas, brings about a vital change in the currency policy of a country, and where that policy is established in the manner in which it is sought to establish it here. There will, I submit, be no parallel to such a case as this. I submit, Sir, that Members of this House ought to pause, gravely pause, before they cast their vote in favour of this Bill. After all, Sir, as the writer in the *Statist* pointed out, in this matter the opinion of Indians ought to have the greater weight. Indian opinion has been in favour of 1s. 4d. throughout the country. The facts which were mentioned by Mr. Jamnadas Mehta and those that were mentioned by Sir Purshotamdas Thakurdas have made it abundantly clear that throughout the country Indian opinion is overwhelmingly largely in favour of 1s. 4d. And, Sir, what have we seen in this House itself? 65 votes had been cast against the proposal of Government and 68 votes in favour of that proposals. Now, put aside those who have been nominated with the knowledge that they were in favour of 1s. 6d.; put aside also the official votes and then count and see how the scales stand. I submit the opinion of Government Members, without imputing any want of honesty to them, is determined by the opinion which is formed by the Finance Member. He it is who decides these matters for the Government of India; he it is who represents the view of the Government of India in this matter, and if he has decided that the vote shall be cast in favour of the policy that he has adopted,

that settles the question for the Government Benches. Without meaning any disrespect to any Member of the Government, I ask, Sir, which Member of Government has the courage to stand up and vote against the whip issued by the Government? Sir George Paddison says, let there be free voting. I quite agree. If the Government will yet let every Member vote in a manner calculated to help both the Government and the people, according to his conscience and judgment, my friends on this side would have been satisfied. But that was not done. The 26 official votes count as one vote—I mean one vote multiplied 26 times, and the vote of the Finance Member represents the view of the Government of India. Among the votes of nominated Members, Sir, there are gentlemen who have had an invariable reputation for supporting the Government at all times. There are other gentlemen who are known to have expressed their opinion in favour of 1s. 6d. before they were appointed. When such has been the case, I say the Government have not played fair to the people. In the end I wish to draw attention to another small quotation from the *Statist*. It says:

"A reversion to the 1s. 4d. parity would call for tactful and careful handling, but that it would involve 'wide-spread economic disturbance' is clearly an overstatement. The majority of unprejudiced Indian opinion is in favour of stabilisation at the pre-war parity of 1s. 4d. There is, therefore, a psychological argument in favour of a reversion to this rate, which has received no consideration whatever in the Report. Mr. McKenna once said in defence of the gold standard that if nine people out of ten in every country thought it was the best standard, this in itself was sufficient reason to render it the best standard. We can only adapt this very wise saying to the problem of India. If the majority of native opinion thinks a 1s. 4d. rate the best, it is the best. We cannot deny the fact that Indian currency must be controlled, primarily to suit the needs and interests of the Indian people. In comparison with these, the claims of outside creditor interests should sink into insignificance."

I hope, Sir, that Members of this House will yet realise their responsibility to the people of this country and vote against this Bill. I consider, Sir, that this measure will mean an enormous crime against the Indian people if it is put on the Statute-book.

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

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

The motion was adopted.

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

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

The Honourable Sir Basil Blackett: Sir, we have reached the last stage of the long-protracted discussion in this House of this Currency Bill. We have spent very nearly six days in discussing it and whatever our feelings may be when we see the Bill finally passed from this Assembly, I am sure that we shall be for once unanimous on one point in regard to this Bill, namely that we are glad to be relieved of its presence. I shall be particularly relieved to feel that we are rid of a

[Sir Basil Blackett.]

controversy which I have never loved. I have always felt considerable disappointment that this question of the ratio should have attracted so much attention and such warm attentions on the part of its admirers when there were so many important subjects of intimate interest to India as a whole which were raised by the Report of the Currency Commission,—subjects on which it is essential that all sides of this House and all the best thought in the country should work together in order that we may win from the labours of the Currency Commission the advantages which we all can realise are offered by these opportunities. The controversy about the ratio has tended to obscure the immense interest of other portions of the currency question, and, as I have said, I regret that it has been a subject of controversy. I cannot altogether feel sorry, however, that we have had these long and full discussions of an economic question in the House and in the country. Sir Purshotamdas Thakurdas quoted this morning from a speech of mine in this House at the beginning of January, 1925, in which I gave expression to the view that there was a considerable degree of ignorance in India, as well as in other countries, on the subject of currency. (*Sir Purshotamdas Thakurdas*: "Not other countries.") I think that there is on the whole more knowledge of the subject in India to-day than there was a year ago and that one benefit that India may have obtained from these discussions is a considerable advance in the understanding of this intricate subject.

Sir Purshotamdas, I think, suggested that the Government had taken advantage of the ignorance of the country to press through the Assembly something which was against the interests of the country and would not have been successfully pressed through if the country had understood the subject. I think that is a little ungenerous to the Government. I do not know of any case in the history of India in which the Government have done more to bring the whole subject before the country with argument and explanation than has been done in the case of this Bill. I have stumped the country on the subject and the Currency League on the other side have also done much to bring the arguments before the country for consideration and I claim that if the Government have been successful in countering that extraordinarily strong argument that "Government want 1s. 6d. and therefore 1s. 4d. is good for the country" it is because the Government have done so much to bring the true facts before the country for consideration.

This is the first opportunity that I have taken for answering the various speeches that have been made on the question of the ratio in this House. It has been made a complaint against me that I have not answered some of the arguments that have been raised. I am still inclined to claim that there is no argument that has been raised in the course of this debate that was not either answered in advance or answered by some of the excellent speeches made on behalf of Government during these discussions. Sir Purshotamdas Thakurdas subjected my 11 points to a full answer. I have studied that answer and as it appears to me it is in great measure simply a confirmation of those 11 points. Hardly one of them is challenged. Endeavour is made in places to explain away their effect but hardly a single one of the points is contested, and the best proof that these 11 points were not open to serious challenge is the fact that so far as the argument against the ratio of 1s. 6d. was developed in this House on appeals to relevant

questions, it was attacked on the point whether prices had or had not adjusted themselves to the ratio of 1s. 6d. I claimed in the 11th point that the only subject open for discussion was whether prices had in a preponderating degree adjusted themselves to the 1s. 6d. ratio and that that was a question of fact to be studied as such, and in general, the House has accepted that view and has attempted on the one side and the other to argue for and against the proposition that prices have in a preponderating degree adjusted themselves to 1s. 6d. Now, there is one assumption which is common to those who contest that view which seems to me to be quite untenable. In so far as prices have not adjusted themselves to 1s. 6d., what ratio of exchange are they adjusted to? The ratio has not been 1s. 4d. either gold or sterling since 1917. For 10 years prices have been jumping about and exchange has been fluctuating violently, and it seems to me to be an absolutely untenable assumption that prices were, until exchange was stabilised at 1s. 6d., adjusted to 1s. 4d. or anything like that. Sir Purshotamdas Thakurdas asked me this morning what the rates of exchange have been during the period since 1916 in terms of gold. Broadly speaking, in 1916 and 1917 they were 1s. 4d. up to August when they jumped in terms of gold to 1s. 4⁶²d. They remained at that until April 1918 when they rose to 1s. 5⁶⁰d. They remained much about that figure until in the middle of March 1918 they started to rise violently, reaching 1s. 10²¹d. at the end of 1919, remaining as high as 1s. 8d. up till May 1920, then dropping to practically 1s. gold during the whole of 1921. They remained at 1s. 1d. and 1s. 2d. in 1922, and 1s. 3d. and some fractions during 1923 and the greater part of 1924, when they rose rather quickly to 1s. 4d. and a farthing in October, 1s. 5⁷/₈d. in December and 1s. 6¹/₄d. in July 1925. How can anybody maintain that prices had adjusted themselves to 1s. 4d. a rupee at any time during that period? The only ratio to which prices had any opportunity of adjusting themselves in the period since 1918 has been the ratio of 1s. 6d. and the whole assumption that an adjustment has still got to come has absolutely no foundation if it is assumed that it is an adjustment from 1s. 4d. or something like that. If Sir Purshotamdas is right in saying that in so far as prices do not adjust themselves very quickly they take a seven year period, I suppose it is to something near 2s. a rupee that they were previously adjusted. But obviously they were not really adjusted to any figure at all until we reach the stage when Government were able to stabilise exchange at, first of all, 1s. 6d. sterling and then 1s. 6d. gold.

Sir Purshotamdas Thakurdas has also asked me to give him a reply to six questions,—I think they are really nine, but some of them are in more than one part. One is whether any major country in the world has appreciated its currency above its pre-war ratio? I have already stated to the House that there is one country, one Eastern country which has full self-government which has adjusted its currency with reference to the interests of its people in exactly the same way as the Government of India are proposing to do in the interests of the people of India to-day. That country is Siam which has had a currency history comparable to that of India for the last 25 years. It is the only country where the currency history has been very much the same as that of India because its currency conditions are very much the same, and there with full self-government in the interests of the people, for the benefit of the country as my Honourable friend, Mr. Kateer-ud-Din Ahmed would say, the King of Siam and his Council have done exactly what I have no doubt a real nationalist

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Government would have done in this country if it had been in our position to-day. It would have fixed exchange for the benefit of India at a rather higher level than before the War. The next question is:

"Is it a fact that Government have been able to push up the rupee to 1s. 6d. gold owing to their insistence on retaining the dead ineffective ratio of 2s. gold on the Statute-book which prevented gold from being tendered to the Currency Authority in India? Is it a fact that the Indian commercial community protested against this ever since 1922? Was 1s. 4d. gold available for being put on the Statute in October 1924 and why was that opportunity deliberately allowed to pass?"

The 2s. ratio was on the Statute-book in 1920 and I do not think that any sensible Government would have thought of putting any other ratio on the Statute-book through the period from 1920 onwards when exchange was fluctuating and it was quite impossible to maintain one ratio or another. What opportunity was there during that period of altering the ratio however ineffective it may have been on the Statute-book. I would remind the House that the ratio on the Statute-book between the franc and gold in France to-day is 25·22 and has been ever since 1914. That is not an effective ratio and I think never will be, but the French have been too sensible to alter the ratio without reference to the possibility of maintaining their currency at par, whatever new ratio they may decide on. I now come to the question of what we did or did not do in 1924. I have more than once explained the reasons of the Government's action or inaction in 1924 and I would add that it is quite irrelevant from the point of view of the discussion to-day. Even if it were to be granted that the Government made a mistake in 1924 in not then fixing the ratio at 1s. 4d. gold, that would not give the slightest reason for subjecting India to all the disadvantages and losses which would be involved in going back to that ratio to-day. I would point out that almost the only reference that was made to the part of my opening speech which related to the disastrous consequences of going back to 1s. 4d. was the able addition to it made by my friend Mr. Kikabhai Premchand when he confirmed it from his own business experience. I should like in that connection to put in a word of protest against the attacks that were made on Mr. Kikabhai for having taken part in this debate and for voting according to his conscience. Mr. Kikabhai Premchand has as much right as any other Member of this House to be regarded as a representative of sound Bombay opinion and that he should be attacked because his views did not agree with that of the vocal school in Bombay is, I think, very unfair on Mr. Kikabhai and I should like to go from that to say that some of the attacks that have been made on nominated Members generally are grossly unfair. I have been asked by more than one of them to protest strongly on their behalf against these attacks.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhamadan Rural): Whom do they represent?

The Honourable Sir Basil Blackett: I should like to add one word with reference to the complaints that have been made that pressure has been put on them to vote this way or that. The stories that some nominated Members might tell as to the pressure that has been put on them to vote for 1s. 4d. would be interesting reading. I should like very much also to know just what proportion of the Congress Party would have voted for 1s. 6d. if pressure had not been put on their members not to.

Let me return to the question of what we did not do in 1924. The complaint is that we did not then stabilise exchange at 1s. 4d. gold. My first reply is that no such opportunity arose. At the time when the rupee first touched 1s. 4d. gold in 1924 the value of sterling in terms of dollars was only about 4 dollars 30 cents or 4 dollars 40 cents to the pound. It was known that the financial authorities in England, that is to say the Bank of England and the Treasury, were pressing for the restoration of the gold standard at the pre-war parity of 4.86 dollars to the pound. But at the end of 1922 the pound had looked the dollar in the face and had approached parity merely to recede again largely because of the opposition of the industrialists. There are parallels even in England to what has taken place here—largely because of the opposition of the industrialists—and in the autumn of 1924 it was impossible for anybody to prophesy whether the financial authorities or the industrialists would be successful in the struggle that was then going on to restore the pound to parity with gold. It was impossible to say whether the financial authorities would succeed or whether they would fail again as they had done at the end of 1922 to overcome the strong opposition with which they were being met. In these circumstances an attempt to stabilise the rupee at 1s. 4d. gold in India would have been simply to court a repetition of the disastrous consequences of the attempt to stabilise it at 2s. in 1920. The dangers and difficulties were very much the same though I agree that they were in a smaller compass. So long as sterling remained at a discount in terms of gold practically no other country in the world ventured to go back to the gold standard. I believe that Sweden did it in a partial manner and Switzerland did it, but generally speaking every country in the world was waiting on the action of England. And after the experiences which India had had in 1920 it would have been a very rash step to take to attempt to go ahead of the strongest financial country which had not gone back to gold, and the only possible policy was to wait and see what the success of the movement for the restoration of the pound sterling to gold parity would be. And besides, India would not have secured stability of exchange by such action. She would not have secured stability of exchange in terms of sterling, in which the overwhelming proportion of India's exchange transactions take place, and indeed of the exchange transactions of almost all the countries in the world. With the prospect of a fall in the rupee sterling rate to 1s. 4d. gold, when and if sterling reached parity with gold, there would have been a continual tendency for money to be remitted from India to England at the temporarily higher rate of exchange. A rate of 1s. 4d. gold would therefore have been subject to the continuous pressure of special purchases of sterling made with a view of taking advantage of the temporary premium. Had the advocates of a gold standard in England not been successful in restoring parity as they were in 1925, the difficulty of maintaining a ratio of 1s. 4d. gold in India would probably have proved temporarily insurmountable. It must be remembered that until England gave the lead hardly one of the big countries of the world had ventured to take any such step. That is what I have to say as regards the opportunity in 1924. As Mr. Kikabhai Premchand pointed out, it was long before 1924 that the Bombay school of thought had been pressing on the Government to take the action of restoring 1s. 4d. gold, and I have given reasons for saying that any such action would have been simply to risk a repetition of the disaster of 1920. The so-called opportunity was therefore an exceedingly doubtful one at the time when it is said to have occurred. It is only those who are possessed of the gift of hind-sight, who knew in 1924 what

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happened in 1925, who can be so confident of what ought to have been done in 1924. (Laughter.) But there is another point. That is the question whether the restoration of the pre-war parity of 1s. 4d. offered any such special advantages to India as its advocates claim. The ratio of 1s. 4d. had been destroyed in 1917 and was no longer on the Statute-book. The effect of the War had been to cause a very big rise in the level of world prices and of rupee prices in India. It was indeed open to question whether there were not definite advantages in allowing the exchange to rise permanently to some figure above 1s. 4d. thereby diminishing the extent of the permanent rise in rupee prices as compared with the pre-war index number. Even the rise from 100 pre-war to the present figure of about 150 over a period of not much over 12 years strongly disturbed the equilibrium of economic conditions in India, and he would be a bold man who denied that high prices in terms of rupees are in no way a disadvantage to the well-being of the masses of India. Instability of prices causes much more disturbance in a country such as India than it does in the industrialised countries of the West. In so far as the action of the Government in finally stabilising the rupee at 1s. 6d. has had the result of making the restoration of harmony between rupee prices and world prices come about at a higher rate of exchange and consequently a rather lower level of rupee prices, I claim that on the whole the results have been to the advantage of the masses of India. (Applause.) Several Members on the other side have claimed that they are the spokesmen of the masses. Mr. Jamnadas Mehta is both the Currency League and the spokesman for the people of India. (Laughter.) Sir Purshotamdas Thakurdas, who I know feels very strongly on this subject, has taken the advantage of his speech this morning to read various letters from people who agree with his view in regard to 1s. 4d. I have had letters—I should think on the average about 80 letters a week—from people all over India wishing me God-speed in the fight for the masses of India, or words to that effect. I took up one when I went home for lunch just now, which I propose to read to the House on the understanding that my correspondent's name is not required in the same way as the names of correspondents of Sir Purshotamdas were not asked for, because I must say that many of these correspondents have stated to me that for reasons which they need not go into it is important that their advocacy of 1s. 6d. should not be made publicly known. Here is the letter:

“We are watching eagerly your fight over the ratio in the Councils and hope that as begun so you will end with success. Mass opinion is with you, because the masses do not understand nor do they care for the avalanche of figures. They want cheap cloth which the 1s. 6d. ratio has given them and will still give them. Local magnates have their own axes to grind as well. Fight them like an intrepid warrior and sense the bliss of God's blessing. Do not be daunted by the signatures in thousands which are being gathered by these magnates.”

That is from an Indian.

Mr. M. A. Jinnah: Is that in English? He must be a very advanced member of the masses.

The Honourable Sir Basil Blackett: This one is in English. I have had many in the vernacular. (Laughter.) The next point . . .

Mr. M. A. Jinnah: From agriculturists?

The Honourable Sir Basil Blackett: I have had many from the agriculturists.

Mr. M. A. Jinnah: May I know in what language the agriculturists wrote to the Honourable Member?

The Honourable Sir Basil Blackett: In about half a dozen vernaculars. I do not claim to have read them myself. I have had them translated.

Mr. M. A. Jinnah: You would not have understood if you had tried to read them.

The Honourable Sir Basil Blackett: I do not think the Honourable Member would understand many of them either. (Laughter.)

The next question of Sir Purshotamdas is:

“Is it a fact that:

- (a) the policy of working up the ratio beyond 1s. 4d. gold has been accelerated by the Government of India starving the country of normal expansion of currency during the years 1921—27? and
- (b) that during the current year (1926-27) very large actual deflation of currency has taken place?”

I never can understand what is meant by normal expansion of currency. Because during a period before the War world prices were rising steadily all over the world, it was perfectly natural that all over the world there should be a normal increase corresponding to the rise in prices in the demand for currency and therefore there was a normal expansion of currency during that period. There was an immense expansion of currency during the War all over the world and in India partly the cause and partly the effect of the enormous rise of prices that took place during the War. Since the War all over the world there has been a tendency for prices to fall, world prices as well as rupee prices, and ordinary economic theory, in which the Chairman of the Congress believes so much, would make it clear, I think, to those who think that with a fall in prices there must be a tendency for a normal contraction of currency. The idea that India has been starved of normal expansion is really a fallacy which I find it difficult to understand emanating from Sir Purshotamdas Thakurdas after his long experience of the currency question as a member of the Currency Commission

Sir Purshotamdas Thakurdas: If the Honourable Member is prepared to give way, may I tell him that he is differing even from the Right Honourable McKenna, Chairman of the Midland Bank.

The Honourable Sir Basil Blackett: Sir, I have often been forced to differ from that gentleman, but I do not think that that gentleman has ever committed himself to such a heresy as that there is normal expansion of currency in periods of falling prices.

Sir Purshotamdas Thakurdas: Why distort it thus? I take it the Honourable Member has seen his speech?

The Honourable Sir Basil Blackett: Yes, I have seen it. I will take an opportunity of placing on the table, as soon as I have them, the figures which Sir Purshotamdas desires, and I think he will find that, in so far

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as they have not been already answered fully in speeches which have been already made, the answers that will be given and placed* on the table, will give him all the information which he desires.

I do not think that I need detain the House, which is no doubt anxious to get on to the Finance Bill, where it will have a new opportunity of starting trouble for the Finance Member, by continuing the argument in regard to the ratio. I do strongly protest against accusations that have been made against the Government of not being honest in this matter, against myself, against my friend Mr. Aravamudha Ayangar and others of having bowed to some one else's opinion and brought forward a measure in which they did not believe. Mr. Jinnah was full of quotations about "His Master's Voice". He is no doubt an expert in his master's voice and I can leave him to dance to the tune that his master in Bombay teaches him.

Mr. M. A. Jinnah: What about your master?

The Honourable Sir Basil Blackett: The Government have just as much right to say that they are acting in the interests of India and the interests of the masses as any Honourable Member on the other side. Government have never approached this question from any other point of view than what they, in the best of their judgment, regard as the true interests of the masses. That we have differed very strongly from some Members on the other side we are aware, and I am quite willing to admit the complete sincerity of the views of Sir Purshotamdas Thakurdas and Pandit Malaviya and others who have spoken on the opposite side; but they should do us the credit of believing that we have done our best, within our lights, for the interests of India in this matter. There is only one other point that I would refer to. That is the question of the difficulties that are going to arise in maintaining the 1s. 6d. ratio. All sorts of dark pictures have been drawn of the results on the masses, but one that comes home to me is the supposed result on the Finance Department. I think the record of the past two Budgets is some answer to those who complain that a 1s. 6d. exchange is so fatal for the finances of the Government of India. (Applause.) We have not borrowed in England since 1923. I think that Sir Purshotamdas Thakurdas will remember that in their evidence given before the Currency Commission it was stated on behalf of the Finance Department that, so long as India had a large programme of capital expenditure, it was probably necessary in present circumstances from time to time for them to supplement the resources of the Indian market by borrowing abroad. That may possibly become necessary. If it is necessary, it will be necessary in the interests of India. I have not made any provision in the Budget for borrowing abroad and I hope that it will not be necessary, but I will say this that if it is necessary it would have been equally necessary if the exchange had been 1s. 4d. The idea that there is any serious difference between maintaining 1s. 6d. and maintaining 1s. 4d. is absolutely unfounded. There is one extra difficulty in maintaining 1s. 6d. and that is the strong opposition that has been put up by the Currency League against the action of the Government in doing so. Apart from that one point of view of political difference, it is absolutely as easy and as difficult to maintain exchange at one rate as at another once prices have adjusted themselves to that figure.

*Vide Statement printed as an Appendix to these Debates.

Sir Purshotamdas Thakurdas: That is a very big and ominous "if".

The Honourable Sir Basil Blackett: If prices have not adjusted themselves to 1s. 6d. they certainly have not adjusted themselves to 1s. 4d.; so on the Honourable Member's own showing there will be more difficulty in maintaining 1s. 4d. than in maintaining 1s. 6d.

Sir Purshotamdas Thakurdas: I do not admit it.

The Honourable Sir Basil Blackett: However, I will not pursue it any further. We have come to the final stage in this Bill. I have commended it to the House and the country as the first step in giving effect to the recommendations of the Currency Commission, and I will end with one last plea, that once this controversy is out of the way we should forget it as soon as possible and set to work to join each other in securing for India the best results from the rest of the Commission's Report.

Mr. President: The question is:

"That the Bill further to amend the Indian Coinage Act, 1926, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, as amended, be passed."

The Assembly divided:

AYES—63.

Abdul Aziz, Khan Bahadur Mian.
Abdul Matin Chaudhury, Maulvi.
Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ariff, Mr. Yacoob C.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha
Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Chalmers, Mr. T. A.
Coatman, Mr. J.
Coçke, Mr. H. G.
Dalal, Sir Bomanji.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
Ghazanfar Ali Khan, Raja.
Ghuznavi, Mr. A. H.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hexlett, Mr. J.
Howell, Mr. E. B.
Hussain Shah, Sayyed.
Innes, The Honourable Sir Charles.
Ismail Khan, Mr.
Jowahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.

Keane, Mr. M.
Khin Maung, U.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Macphail, The Revd. Dr. E. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Mohammad Ismail Khan, Haji
Chaudhury.
Moore, Mr. A.
Muddiman, The Honourable Sir
Alexander.
Muhammad Nawaz Khan, Lieut.-
Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Natique, Maulvi A. H.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Rajan Bakhsh Shah, Khan Bahadur
Makhдум Syed.
Rao, Mr. G. Sarvotham.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Roy, Rai Bahadur Tarit Bhusan.
Roy, Sir Ganen.
Ruthnaswamy, Mr. M.
Shah Nawaz, Mian Mohammad.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. F. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Yakub, Maulvi Muhammad.
Young, Mr. G. M.
Zulfqar Ali Khan, Nawab Sir.

NOES—51.

Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Ayyangar, Mr. M. S. Sessa.
 Bhargava, Pandit Thakur Das.
 Chaman Lall, Mr.
 Chetty, Mr. R. K. Shanmukham.
 Chunder, Mr. Nirmal Chunder.
 Das, Mr. B.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Srish Chandra.
 Gavin-Jones, Mr. T.
 Goswami, Mr. T. C.
 Gour, Sir Hari Singh.
 Gulab Singh, Sardar.
 Haji, Mr. Sarabhai Nemchand.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Jayakar, Mr. M. R.
 Jinnah, Mr. M. A.
 Jogiah, Mr. Varahagiri Venkata.
 Kartar Singh, Sardar.
 Kelkar, Mr. N. C.
 Kunzru, Pandit Hirday Nath.

Lahiri Chaudhury, Mr. Dharendra
 Kanta.
 Lajpat Rai, Lala.
 Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jamnadas M.
 Misra, Mr. Dwarka Prasad.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Prakasam, Mr. T.
 Purshotamdas Thakurdas, Sir.
 Rahimtulla, Mr. Fazal Ibrahim.
 Ranga Iyer, Mr. C. S.
 Roy, Mr. Bhabendra Chandra.
 Sarda, Rai Sahib Harbilas.
 Sarfaraz Hussain Khan, Khan
 Bahadur.
 Sassoon, Sir Victor.
 Shafee, Maulvi Muhammad.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Sinha, Mr. Ambika Prasad.
 Tok Kyi, U.
 Vishindas, Mr. Harchandrai.

The motion was adopted. (Cries of "Shame, shame" from the Swarajist Benches.)

 THE INDIAN FINANCE BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I move that the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration.

Sir, I have already made a speech of something over an hour's length which may be taken, I think, as the second reading speech on this Bill. When I introduced the Budget I was really moving for the consideration of this Bill, and I do not propose to-day to take up any considerable portion of the valuable time of the House in discussing this Bill at this stage. I do, however, desire to refer to one matter on which there have been certain developments since the date of my budget speech, and that is in regard to the question of the export duty on tea. I stated in my budget speech that I proposed to bring forward a Resolution to fix the rate of income-tax on the non-agricultural profits of tea concerns raising the amount from 25 per cent. of the profits to 50 per cent. I made that proposal because I found that some years ago an undertaking had been given to the tea companies that the statutory rule on the subject would have the same force of law as an Act of the Indian Legislature, and the tea companies had, therefore, a right to expect that full opportunity would be given for discussing any change in regard to the assessment of income-tax on tea companies before it was brought into effect. I have

had various discussions and communications since that date with the tea companies, and I think I am correct in saying that they recognise that, if the present rule involves the non-taxation for income-tax purposes of any considerable amount of non-agricultural income, it is fair that in connection with the abolition of the tea export duty the present limit of 25 per cent. should be removed. They are not, however, at present willing to agree that the Government are correct in fixing the figure of 50 per cent. and there are certainly some difficulties in the matter. I think the truth may be that conditions vary in different parts of the country, and in some cases a very much higher proportion than 50 per cent. really represents non-agricultural profits, whereas in other cases the proportion may be lower. What I propose to do therefore is to make it clear on behalf of the Government that with the abolition of the tea export duty as proposed in this Bill the Government will regard themselves at liberty, as indeed they should be, to tax tea companies on the full amount of their non-agricultural profits and on that understanding I am quite willing to continue negotiations with the tea companies and arrive at a solution for substituting some other rule for the present rule fixing 25 per cent., feeling confident that the results will not be contrary to the interests of the Indian exchequer. But it would be premature I think at this date either to make a rule fixing exactly 50 per cent. or to ask this House to endorse it. Therefore, the Resolution that had been put down in my name has been withdrawn and the understanding will be that, if the tea export duty is abolished as proposed in this Bill, the Government will be free to arrive at the non-agricultural portion of the profits of the tea companies and to tax the full amount of the non-agricultural portion to income-tax. That is the only point to which I desire to refer to-day. The rest of the Bill was fully explained in my budget speech and I will content myself now, Sir, with moving the motion.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I am sorry to say that the statement of the Honourable the Finance Member is not satisfactory in so far as the position that has developed since he introduced the Finance Bill is concerned. I have more than once in this House, Sir, said that the Finance Bill is counterpart of the Budget Demands and I should have expected the Finance Member in this House to come and tell us what consequential alterations have been made in the Finance Bill as a result of the cuts and of the other motions that we had carried on the Budget Demands. Sir, he is bound on this occasion to make a statement of the needs of the Government for which we are expected to provide ways and means by means of the Indian Finance Bill. I have more than once mentioned it, but the Honourable Member has not told us whether the cuts that we have made have been restored or whether they are going to be accepted, whether the ministerial staff of the Railway Board is going to exist or not to exist.

The Honourable Sir Basil Blackett: I do not wish to interrupt, Sir, but I think I may say at once that it must be obvious to the House that none of the cuts made affect materially the total amount required for the finances of the year.

Mr. A. Rangaswami Iyengar: The question whether it is material or not is entirely wide of the mark. I say, Sir, it is the duty of the Finance Member when he asks us to take into consideration the Finance Bill, to

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come and tell us exactly' what his needs have been as a consequence of the discussion on the Budget Demands.

Then, Sir, I am not at all satisfied either with the manner in which he has withdrawn his Resolution on the income-tax assessable of tea companies. Sir, he says that there has been some difficulty in finding out whether the 50 per cent. assessment to income-tax of the profits of tea companies can be made fairly in some cases or not fairly in certain other cases. What I want to point out is that, if it is correct and proper for him to come to this House and ask by means of a Resolution to empower the Government to assess the tea companies to income-tax of 25 or 50 per cent. of their income, I think it is his duty not to take away the power from this House and say: we shall do what we think best. I say, Sir, it is trifling with the House. When the Government thinks it is necessary to take a Resolution of this House which will support them, they always put down a Resolution, but when they find there is some difficulty which they want to avoid, then they withdraw their Resolution.

That is how the House is very unfairly treated and it is trifling with the House. I therefore want to know more specifically and exactly what the Government will do, on this tea duty question and whether they will come to this House later with a Resolution so that the loss which we will incur by the removal of the tea duty will be replaced specifically by the levy of an equivalent amount of income-tax on the tea companies.

Mr. M. K. Acharya (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I rise to move the motion of which I have given notice, namely:

"That the Bill be referred to a Select Committee consisting of the Honourable the Finance Member, Mr. S. Srinivasa Iyengar, Mr. A. Rangaswami Iyengar, Mr. M. R. Jayakar, Mr. Ghanshyam Das Birla, Sir Walter Willson, Maulvi Muhammad Yakub, Mr. Jumnadas M. Mehta and the Mover."

and I do so mainly because I want to put on the records of this House a very important principle. I am quite aware, Sir, that we are on the afternoon of the 22nd of March. I feel as keenly as anybody else the oppressive heat of Delhi, but, as I said, a Bill of this very grave importance ought, in my opinion, and I hope in the opinion of many others, to have been subjected to a careful scrutiny by a special Committee or a Select Committee. I have been looking up, Sir, to find out what the procedure in England in the House of Commons is, and, so far as I have been able to read, I find that there is a Permanent or Standing Committee of Supply there which goes into details of the various demands that may arise for the year, which Committee of Supply corresponds roughly to our Standing Finance Committee. They have also got there a Standing Committee of Ways and Means which carefully scrutinises every proposal for taxation and other ways of raising revenue, and it is after such careful scrutiny that the measures are brought before the House of Commons; and even then, if I am right in what I have read, the whole House goes into Committee and discusses the consequences of the various proposals in Committee. That obviously, Sir, is a very much better way of finding out what will be the best aspect of the various measures. For example, here, in the printed list of amendments, there are some very important amendments—as many as 80 important amendments. There are altogether 65 amendments, of which 30 are quite substantial. It will be

very difficult, I beg to urge, in the space of a day or two, or even three days, for the whole House to see which of these amendments, which of the various suggestions made in these amendments, are likely to be of the best advantage. In these circumstances, Sir, I would urge that it should have been possible for the Government to have made some arrangement by which this very important Bill could have been scrutinised by a Select Committee. I want to make this humble suggestion at least for future guidance that as soon as the Finance Bill is introduced, it may be possible for the Finance Member at once to ask that the Bill should be scrutinised by a Select Committee before it is brought and taken up for full discussion clause by clause in the House itself. It would be of help to us. Otherwise it would be possible, as each amendment is taken up, to point out some difficulty here or some difficulty there against each. Here we have got some 3 crores odd as the surplus budgeted by the Finance Member for the year. In what best way that surplus can be utilised, what taxation might be reduced, in what way the taxation that can be reduced would benefit the largest number of people—these are all questions which could be much better discussed, at any rate in my opinion, in a Committee. It is with that object that I have put down this amendment. Not that I am not aware of the very late day at which we are sitting. I have come forward to bring this amendment for the simple reason, as it will be obvious to everybody, that a Committee would go much better into the details of the various amendments, would be much better able to report to the House in what best way the surplus that is budgeted by the Finance Member could be utilised. I do not propose to go into details, Sir, because I am aware that the point I have raised will be evident to all the Members in the House. Therefore I move the motion.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): I support the motion moved by my Honourable friend Mr. Acharya on the ground that in this Bill there are proposals for the reduction of some taxes. On this side of the House there is a certain amount of feeling that the reduction only gives relief to a class of people who do not require any relief in the beginning when a reduction of taxes is made. If we reject those clauses in the Bill we cannot put in other clauses proposing reduction of taxes in the case of the people who should be relieved, because those clauses will be outside the scope of the Bill. Especially there is clause 2 which has been a controversial question for a long time. Year after year the salt question raises a certain amount of heat and controversy in this House, and, as it is well known that salt should be a national industry and India should be self-supporting in that respect, we require that some protective duty on imported salt should be imposed side by side with the duty on the inland salt. I do not know whether that can come within the scope of the Bill, though when the Bill comes up for consideration I will still maintain that it is within the scope of the Bill. There are certain other matters also. As I have said, I do not like to take up more of the time of the House. I therefore support the amendment that the Bill be referred to a Select Committee.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): I rise to oppose the motion. It is a dilatory motion intended only for the benefit of those who propose to go from here to the Kumbha Mela at Hardwar. I have never heard of a

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Finance Bill being referred to a Select Committee and the only virtue of this proposal is that the Committee is made up of persons who seem never to have thought over the Finance Bill. Not one of those who are mentioned there as forming the Committee has given notice of any amendment. To be charitable to them, I think they have perused it in a cursory manner from beginning to end and I do not believe that they have ever thought of any amendment being made to the Finance Bill. Therefore, even if this is referred to a Select Committee, it will come back in the same condition as it is now, and those who have proposed amendments will still have to move them on the floor of the House. Therefore I think that a Select Committee would serve no purpose.

The Honourable Sir Basil Blackett: I agree entirely with the last speaker and I oppose the amendment.

Mr. President: The original motion was:

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

Since which the following amendment has been moved:

“That the Bill be referred to a Select Committee consisting of the Honourable the Finance Member, Mr. S. Srinivasa Iyengar, Mr. A. Rangaswami Iyengar, Mr. M. R. Jayakar, Mr. Ghanshyam Das Birla, Sir Walter Willson, Maulvi Muhammad Yakub, Mr. Jamnadas M. Mehta and the Mover.”

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

The motion was negatived.

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

The motion was adopted.

Mr. President: The question is:

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

Pandit Nilakantha Das: Before clause 2 is taken up, I should like to submit that there is an amendment which stands in my name, No. 45. I should like to refer to that. In clause 2, it is proposed to put a duty on salt manufactured in or imported by land into any part of British India.

Mr. President: The Honourable Member will be entitled to raise that point when his amendment is reached. At present I propose to take amendment No. 12 standing in the name of Mr. Duraiswamy Aiyangar which is that in clause 2 of the Bill for the words “one rupee and four annas” the words “eight annas” be substituted.

Pandit Nilakantha Das: Before that is taken it will facilitate matters if what I submit is heard.

Mr. President: I have given some thought to the question and the Honourable Member will believe me when I say that it will not facilitate matters. We are now dealing with clause 2 and not with the Schedule to which the Honourable Member's amendment refers.

Mr. C. Duraiswamy Aiyangar: I rise to move the amendment:

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

I am glad that once again the floor of the House is to be in charge of Back-Benchers and we now rise to consider the real position of the real masses although the position of the masses and the hardship of the masses have hitherto been made pawns for the purposes of other games; and therefore perhaps the Honourable Sir Basil Blackett has left his task to the Back-Benchers instead of being seated in his seat when the Finance Bill is going on. Sir, if this time I rise to speak on behalf of the masses it is with considerable diffidence. When the Back-Benchers move anything on behalf of the masses, who are otherwise voiceless in this House, Honourable Members on the Front Benches rise and criticise the speeches as having been unnecessarily lengthy, containing no stuff, being irrelevant, wasting the time of the House. All such remarks flow from the Front-Benchers who do not really care for the difficulties and hardships of the masses. If there is one thing which is behind me here it is the strong mute wall which stands as the symbol of the voiceless masses in this country who appeal to this House through me, and I dare say you will bestow some thought over their condition. Sir, there is an old story in the Hindu Puranas of one Sunaschapa. A man wanted to have a sacrifice made of a human being and he went to a set of parents who had three sons. The father said the eldest son is very dear to me. Therefore I cannot part with him. The mother said I am very fond of the last son. Therefore I cannot part with him. Therefore the middle son had to be sacrificed. Similarly, in this country when the import duty is sought to be raised, the merchants of England come against this Government and they have to surrender. If any excise duty is to be levied inside the country, the merchant princes of Bombay come against the Government and they have to surrender; and therefore what is it that is left. "Switch up the salt duty" is the one maxim which this Government has been pursuing not only now, not from the days of Sir Basil Blackett but from the days of many of the ancestors of Sir Basil Blackett. Therefore a little biography of this salt duty will be a little interesting and I will not take up much time in referring to that. In 1886 when inland and transit duties in this country were abolished, this salt duty was increased to make up the revenue.

The Honourable Sir Basil Blackett: Which of my ancestors did that, Sir.

Mr. C. Duraiswamy Aiyangar: I do not know the history of your ancestors, you must know your own ancestors better. In 1846 the duty on port to port trade was abolished and the salt duty was increased. In 1862, when the cotton import duty was decreased, the salt duty was increased, and in 1870, when the import duty was abolished, the salt duty was retained. You will find, therefore, Sir, throughout the history of this salt duty that whenever any other source of revenue is cut out, whenever there is a deficit Budget of the Government of India, the one maxim of the Finance Member is to switch up the salt duty. That is what we

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find in 1888. There was a deficit Budget and the salt duty was enhanced to Rs. 2/8. For the sake of the deficit Budget of 1888 it was increased and it continued on that scale until 1902. There was a small intervening event in this history of increases, Sir. That was in the year 1852. Then Lord Dalhousie became alarmed at the way in which imported salt was encroaching upon the indigenous salt and the loss which the manufacturers of indigenous salt were put to on account of this imported salt. He made a strong protest which resulted in a hue and cry from all quarters in Great Britain. I will not read all the numerous petitions which flowed into the House of Commons then, but I will read only a small portion of one. At page 449 of Dutt's Economic History of India in the Victorian Age you will find that the Chamber of Commerce of Bristol submitted a vigorous and well-argued petition on the hardship caused by the salt tax in India. I do not go into the motives of that petition, but the argument is very sound:

"The price to the consumer here in England is 30s. per ton instead of £21 per ton as in India, and if it were necessary to abolish the salt tax at home some years hence it appears to your petitioners that the millions of Your Majesty's subjects in India have a much stronger claim for its remission in their case, wretchedly poor as they are and essentially necessary as salt is to their daily sustenance and to the prevention of disease in such a climate."

A strongly worded petition was presented by the Chamber of Commerce of Bristol:

"The merchants, shipowners and tradesmen of Liverpool hold it to be the sacred and solemn duty of the Government to afford to the people of that country (India) the same fostering care as is and ought to be afforded to the people of this country."

And they were of the opinion that the abolition of the duty on salt in British India would be not only a great boon to the people of that country, to which justice and humanity entitled them, but would also tend greatly to improve and strengthen the mercantile interests of this country by increasing the payments for cotton and other goods of English manufacture exported to this country. You will find, therefore, Sir, that the total abolition of the salt duty was strongly advocated for the benefit of the poor of this country. Sir, nothing is more humiliating to a country than that the breakfast of the poorest man of the country should be taxed. And nothing is more mean and melancholy meanness too on the part of a civilized government than for it to stand between the hands and mouth of the poorest man and say to him, "Pay me my salt duty and then eat your breakfast." And this Bill, Sir, is forcing on the poorest this iniquitous duty. I ask the Honourable the Finance Member, before he congratulates himself upon his surplus Budget, to say to the poor man that he has helped him in this particular way. A few minutes ago my Honourable friend Sir Basil Blackett read a letter which was anonymous. I thought he was reading a word which is different from what it actually was. Instead of "cheap cloth", he should have read "cheap salt". I think the word in that letter was "salt" and not cloth, or at any rate it ought to have been, and I think the letter addressed to him congratulating him upon 1s. 6d. contained not only a reference to the supply of cheap cloth to the masses but also cheap salt to the masses. In any case, Sir, please take it like that. Now, Sir, that is exactly the situation with reference to the salt duty. In this country it was the Honourable and much respected, all-India respected and revered Gokhale who sacrificed his whole life to

an agitation for the remission of the salt duty. I am sorry to find that none of those prominent men of this House have come forward within those ten people who have given amendments for the reduction of the salt duty to press and advocate this cause. The oldest Member of this House, the Member who has been sitting ever since the commencement of this House, my friend Mr. Harchandrai Vishindas, gave notice of a motion of a token cut when the Demand under Salt was before this House, though he had no occasion for moving it. There he said in brackets "total abolition of salt tax" and I thought that my Honourable friend Mr. Harchandrai Vishindas would make out a very strong case though it might not have been relevant on that occasion. Sir, the Honourable Sir Purshotamdas Thakurdas said on the occasion when the cotton excise duty was being discussed on the floor of this House words to this effect:

"But we shall not retain this duty for the miserable rupees, annas and pies which it brings into the Indian treasury, which I repeat is tainted money."

Sir, if the money received from the cotton excise is tainted money, a hundred times more tainted is the money which you receive from the poorest man's salt, and I ask you to omit that before you omit any other thing. If the Honourable Sir Basil Blackett said in his speech that he had 5½ crores as surplus, it is all the net income of the salt duty. Take that figure and take the figure of the gross income of salt tax and deduct the expenditure, you have the identical figure: the amount you have saved as surplus is the amount which has been derived from the poorest man, over which you have been gloating. The Honourable Sir Basil Blackett takes credit and says he has reduced the salt duty. How did he reduce it? Only six months before that, he increased it and then decreased it. In 1923-24 he increased it and in 1924-25 he reduced it and claims as part of the credit that he has reduced the salt tax and done an immense good to the country. I have heard a story somewhere in Delhi about the way with these camels being very peculiar. All the maximum load is put on its back and the man plays a trick with it; he puts another stone on it and then throws it down and the camel thinks that the whole weight is taken off and it rises up. You have put the maximum duty, the maximum tax, everything on the people and then raised the salt duty to 2-8-0 for a year and then reduced it and you take credit and say "I stand for the masses, I stand for the poor, I have reduced the salt duty." Sir, that will give no credit to the Honourable the Finance Member. If truth-speaking, speaking the truth in all its nakedness, is Parliamentary—it is doubtful—I must say that the curse of the poor man will be over the Finance Member if before he lays down his office he does not reduce the salt duty to the irreducible minimum. I call upon, Sir

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammādan Rural): Sir, is it permissible to curse an Honourable Member in that way?

Mr. O. Duraiswamy Aiyangar: Sir, I am certain that the Honourable the Finance Member will see his way to reduce the salt tax to its irreducible minimum one day before he lays down his office and therefore as the first step towards that I say it must be reduced to 8 annas. Sir, I am supported in this by no less a person than Dr. Paranjapye who says in the Taxation Enquiry Committee's Report at page 138:

"There is abundant evidence that the discussions of recent years have resulted in much unsettlement of the market, considerable increases of price to the consumer and profit to the dealer with no advantage to the Exchequer. Dr. Paranjapye would like

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to see that the rate is reduced to about 8 annas in normal times as the figures given above show that the consumption increases with a decrease in duty. He considers that this is a legitimate source for increased taxation in case of emergency and would therefore keep the normal rate very low. Also he thinks that any reduction in the rate should be appreciable, otherwise it would not benefit the mass of the people who buy their salt in very small quantities at a time."

That is why, Sir, I insist on its reduction to 8 annas, not to one rupee or 1—2,—it is not a question of mere words or of a nominal victory; I ask that it should be reduced by a substantial amount, and that could only be if it is reduced to 8 annas. As I have said on previous occasions, there are other ways in which the Finance Member can see that the income is not affected. He has a right to increase the import duty on imported salt; he can certainly make up the income, and if there is any shortage in the average income which he is getting, he need not be sorry because he foregoes that income for the benefit of the masses of this country. Sir, one argument that is usually advanced with reference to the salt tax is that the salt tax is the one tax which is distributed over the whole population. Every man has to pay it. But the greatest disadvantage, the greatest drawback of such a tax is that the poorest man has to pay as much as the richest man, and if he knows the facts, the poorer the man the greater the amount he has to pay on account of his salt. The rich man gets his salt in so many other ways. He gets his salt in fruits and so many other directions, but the poor man has to use a greater quantity of salt than the rich man. Therefore, the duty on salt falls more heavily upon him. Sir, which is the tax in this country which is not paid by the poorest man? Is not income-tax paid by the poor? Who is it who pays the income tax? You may levy income-tax on the rich, but it is the debtor who pays it, not the creditor, not the sowcar, not the banker; it is the poor man who pays it. (You may shake your head.) You know very well that is all imposed on the debtor and from his pocket it proceeds, not directly to you but through the banker. Take any other taxes, court-fees or stamps or anything you please, and it is shared by the poorest man in this country. Therefore, it is idle to contend that the salt tax is the only tax that is distributed all over. Even the Duke of Argyle, one of the greatest advocates of the tax, said it must be proportionate to the capacity of the man who pays it. And the Taxation Enquiry Committee puts it at 8 annas per head at present and says, in its opinion, it is a great hardship on the poorest people. Therefore, Sir, the Honourable the Finance Member will, I hope, see that the salt tax is reduced gradually until it comes to total abolition.

Mr. President: I should like to know whether other Honourable Members who have amendments on the same subject desire to move them. There is one in the name of Mr. Prakasam who wants to reduce the salt duty to 10 annas. Mr. Nilakantha Das and Mr. Sesha Ayyangar want the salt duty reduced to 12 annas, and Khan Bahadur Sarfaraz Hussain Khan and Pandit Nilakantha Das want it reduced to one rupee. Does Mr. Prakasam wish to move his amendment?

Mr. T. Prakasam (East Godavari and West Godavari cum Kistna: Non-Muhammadan Rural): There is one amendment under item 14 for reducing it to 8 annas in my name.

Mr. President: The one for eight annas has already been moved by Mr. Duraiswamy Aiyangar. Does the Honourable Member wish to move his amendment for ten annas?

Mr. T. Prakasam: I move, Sir:

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

My Honourable friend Mr. Duraiswamy Aiyangar has said what has to be said on the matter. I do not think that by attempting to say more I will improve the situation and persuade the Honourable the Finance Member. The other day, when my Honourable friend Pandit Nilakantha Das was narrating the story of poor men living upon grass while this British Government is ruling here, I for one was really having my heart in my mouth when I was hearing that story. I expected the Honourable the Finance Member at least to say a word of sympathy in reply and ask whether there are human beings to-day actually living upon grass. No word of sympathy, no response came from him; so I do not think, Sir, that any appeals would persuade this Government or the representatives of this Government. My Honourable friend Sir George Paddison was telling us this morning that I was in a gloom. If I should not be in gloom when there are human beings under the kind care of labour representatives like Sir George Paddison and under the care of the Honourable the Finance Member who are actually living upon grass, in what other condition should I be?

Mr. President: That does not make out a case for 10 annas, but is an argument for total abolition.

Mr. T. Prakasam: Certainly, Sir, I am very sorry I did not move for total abolition. I regret it very much.

Mr. President: The Honourable Member is entitled to support the amendment of Mr. Duraiswamy Aiyangar and yet move his own. He can vote for both when they are put.

Mr. T. Prakasam: Yes, Sir, I think I am open to correction for not having asked for something less than 8 annas; so I will not dilate very much upon it; but in moving this proposition I am only submitting that as a very great reason for the reduction of the salt duty, because these men are actually living on grass to-day. I would invite the representative of labour, and particularly the Honourable the Finance Member before he leaves the shores of India to get into the train and try and go with Pandit Nilakantha Das and verify whether there are human beings living on grass to-day before he goes and gives an account of his administration here in England.

Mr. President: Does the Honourable Member (Pandit Nilakantha Das) wish to move his amendment for reducing the salt duty to Re. 1?

Pandit Nilakantha Das: I should like to move the amendment under this head, but it would be better if I am allowed to do so, after the present amendment is put to the vote.

Mr. President: The Honourable Member is entitled to move his amendment to reduce this salt duty to Re. 1.

Pandit Nilakantha Das: Sir, my Honourable friend has already made a case for 8 annas and I should be very glad to support it and I am supporting it. But if that fails, then, as an alternative amendment, I shall move that the salt tax be reduced to Re. 1 and I shall move that on another basis. Am I allowed to do so?

Mr. President: Certainly.

Pandit Nilakantha Das: I gave notice of both and I wish to support both, but they are on different principles and stand on a different footing.

Mr. President: The Honourable Member may explain to the House those principles. I cannot understand why Honourable Members who belong to the same party could not fix up one amendment and concentrate on it. Such a course would help to facilitate the business of the House and also avoid so much confusion which we see now. Of course I am only making a suggestion. Honourable Members are technically in order in moving all these amendments.

Pandit Nilakantha Das: Sir, I do not move for Re. 1 instead of, but in the absence of, 8 annas, I speak for one—8 annas, with which I agree; but I move for Re. 1 because if all other amendments fail, then from the Government's financial standpoint I propose that some duty should be added to imported salt, so that the account may be balanced by making it Re. 1. I wish only to accentuate the principle that there should be a distinction between imported salt and inland salt so far as the duty is concerned. There is no other ground for which I put one rupee, for one rupee is little by way of reducing the salt tax. I simply move this with a view to emphasise the principle that there should be a distinction enunciated and recognised this year between imported salt the duty on which I propose to increase by four annas a maund, and to reduce the duty on native salt by four annas a maund, in order to balance the accounts only and nothing else. As for reducing the tax by a total omission, I support the amendment already moved; but on the principle, as I have explained, I move this motion, standing in my name.

Mr. President: There is one amendment in the name of Mr. Sessa Ayyangar for reducing the salt duty to twelve annas. Does he wish to move it?

Mr. M. S. Sessa Ayyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, I formally move it. I move:

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

I am entirely in agreement with my friend, Mr. Duraiswamy Aiyangar, on the reduction of the salt duty. This amendment of mine has only this merit, that it is a golden mean between four annas which covers the cost of maintaining the salt establishment and of producing salt, and the present rate of Rs. 1-4. Upon that ground I beg to move this amendment.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orissa: Muhammadan): May I know one thing, Sir? What has happened to the amendment of Mr. Das? I would like to move my amendment to reduce it to Re. 1.

Mr. President: Mr. Das has already moved his amendment to reduce the duty to one rupee.

Khan Bahadur Sarfaraz Hussain Khan: Then I support it, Sir. There is no doubt that the salt tax is a heavy burden on the poor people. But I think if it is reduced to eight annas the reduction would be too heavy at present in the circumstances as they are to-day. On that ground, therefore, I would reduce it to one rupee. I need not say anything more because much has been said already, and my only reason for moving my amendment or supporting the amendment of Mr. Das is that the reduction to eight annas would be too drastic and the reduction to one rupee would be more reasonable at present. Therefore I support the motion.

Mr. Amar Nath Dutt: Sir, the amendment which stands in my name is similar to the amendment which has been moved by my Honourable friend Mr. Duraiswamy Aiyangar; so I rise to support his amendment to reduce the salt duty to eight annas. It has been said by my friend, Khan Bahadur Sarfaraz Hussain Khan, that the one rupee reduction would be more reasonable. I do not know how he calculates this year, that the reasonable sum to which to reduce the salt duty, would be one rupee and not eight annas. My idea is that salt should be as free as air and water. That is the theory of the great political economist, Mr. Fawcett. The salt tax is paid by every individual in this country, because there is no individual who does not consume salt. There is so much complaint against *Jesia* or the poll-tax which was imposed by one of the greatest tyrants in this country; but this salt tax is nothing less than that; the salt tax is even worse than the *Jesia* since it is an imposition upon every individual, unless he chooses to go without food. But it has been said that the production of salt costs one anna and six pies per maund and the Government has to keep up the machinery and so forth; so calculating everything, my friend Mr. Duraiswamy Aiyangar about three years ago came to the conclusion that the duty reduced to eight annas would be the proper duty on such a thing as salt which is a necessity of life. That being so, I beg to submit that this duty should be reduced to eight annas. Sir, I am not going to waste the time of this House and the Chair also is not willing or rather does not view with approval that the valuable time of the House should be wasted in repeating the same arguments over and over again, which we have been repeating on the floor of this House year in and year out. But it has failed to make any impression upon the Members who are in charge of this Finance Bill. Be that as it may, Sir, but it is our duty here as representatives of the poor people of this country to enter our emphatic protest against an imposition of this nature which is worse than *Jesia*. With your permission, Sir, I beg to support the amendment which stands in my name and which has been so ably moved by my friend Mr. Duraiswamy Aiyangar.

Mr. Varahagiri Venkata Jogiah (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I have only one word to say, and it is this. I am not going to repeat what has already been said on the subject. Sir, it has been represented to us that during the last four years we have been having surplus Budgets. I submit that surpluses are no surpluses, when oppressive taxation exists. When you say that we have this year a surplus Budget of 3½ crores, I would suggest that that surplus should be devoted to the reduction of the duty on salt to some extent at least. It has been repeatedly pointed out in this House, and especially by the late Mr. Gokhale in his speech on the Budget in the year 1902, that a surplus should in the first instance be utilised to reduce taxation. So that, I do not see why a surplus Budget should be shown when people are groaning

[Mr. Varahagiri Venkata Jogiah.]

under taxation on some of the very necessities of life like salt. I would therefore request the Honourable the Finance Member to devote the surpluses that were found this year towards the reduction of the salt duty. With these words, Sir, I beg to support my friend Mr. Duraiswamy Aiyangar.

Mr. President: Are there any other Honourable Members who desire to speak on this amendment?

Mr. Ram Narayan Singh (Chota Nagpur Division: Non-Muhammadan): Yes, Sir. I beg to support the amendment moved by my friend Mr. Duraiswamy Aiyangar. Sir, according to this Bill, the people are going to be taxed. But in imposing this taxation even the ordinary principle of taxation has not been followed. As far as I know, Sir, the principle of taxation is that the necessities of life should not be taxed, and I cannot understand why such an eminent financier as the Honourable Sir Basil Blackett is not going to follow this ordinary and simple principle of taxation in this Bill. This Bill, Sir, is based on the Budget, and for this Budget he has received numerous encomiums from several quarters, but I do not know why so much praise has been given to him for this Budget. If the figures on the income side are only adjusted to those on the expenditure side, I do not think that it can be called a good budget. In my opinion, a good budget is only one in which the income of the country is adjusted to the needs and comforts of the people thereof, and so far as the Budget and this Bill are concerned, I think the needs and comforts of the people are entirely ignored. The simple reason for this state of affairs is that the Honourable Sir Basil Blackett does not know the country at all. As has been pointed out by several speakers who preceded me, votes are cast on behalf of the Government owing to ignorance. I may go even so far as to say that this Budget has been framed by a Member who too is utterly ignorant of the conditions of the people in the country. For his information and for the information of the House, I may tell them a short story as to the real condition of the people. Once during the non-co-operation days when I was touring in my constituency, I happened to be in a group of villages. I had to stop for the night there. There the people could not manage even a little oil for a lamp for a meeting to be held in any of these villages. A little fuel was collected, and with the help of the light which the fire gave out when the fuel was burning, lectures were delivered. Not only that, Sir. At night, they, the villagers of all the villages combined, could not manage even two or three seers of rice to provide us with our meals. At dead of night paddy seeds, which were kept reserved for agricultural purposes, were spent and rice was prepared and cooked for our meals. That is the condition of the people, and our Honourable friend, Sir Basil Blackett, must know that by this Bill he is going to tax people like these. Not only that, in my constituency and so far as I know in the whole country there are people who for more than six months in the year live only on leaves, roots and fruits from the jungles. I think that it is a disgrace to the Government and to this House that people like these are to be taxed by this Bill. I therefore hope that the whole House will unanimously agree that Mr. Duraiswamy Aiyangar's amendment be passed; and I hope Sir Basil Blackett, who has just spoken a good deal about his sympathy for the people and the masses of the country will agree

to this and not oppose it, and I say that if he has got a bit of sympathy for the poor of the country, he will not raise his voice against this amendment.

Mr. President: Sir Basil Blackett. Does the Honourable Mr. Kunzru wish to speak?

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadan Rural): Yes, Sir. I can speak after Sir Basil Blackett, if he so wishes.

Mr. President: Mr. Kunzru.

Pandit Hirday Nath Kunzru: Mr. President, I wish to offer a few general remarks in support of the position taken up by some Honourable Members that the salt tax should be reduced. Had we been given a little more time for the general consideration of the Finance Bill, it would not have been necessary for me to make these remarks at this stage. But since it pleased you, Sir, to shorten the discussion in regard to the first stage of the Bill, I am afraid this is the only occasion on which. . . .

Mr. President: Order, order. I think there seems to be some misunderstanding in the mind of the Honourable Member. I waited to see if any Honourable Member rose to speak, and as no one rose, there was no alternative for the Chair but to put the question. The speech of the Honourable Member suggests that the Chair did not give sufficient time to the House to discuss the Bill on the motion that the Bill be taken into consideration. I think the Honourable Member is very unfair to the Chair.

Pandit Hirday Nath Kunzru: Sir, I had not the least wish to cast any aspersions on the Chair, but you will remember that, after putting the motion relating to the Select Committee to the vote and disposing of it, you remained standing and, without sitting down, put the next motion, that is, the one regarding the consideration of the Bill.

Mr. President: When the amendment for Select Committee was disposed of, the Chair proposed the original question in the usual manner, and as no Honourable Member rose to speak, the question was put.

Pandit Hirday Nath Kunzru: Very well, Sir, I shall be a little bolder in future.

Primâ facie, Sir, a motion asking for a heavy reduction in a budget which shows no surplus after the remission of the provincial contributions seems to be a matter requiring explanation. Not merely has the Finance Member remitted provincial contributions by about three crores and a half but he has practically promised to wipe out the remaining part of the provincial contributions, which is about 2 crores, in future. How is it then that the House, while realising all this, asks for a further heavy reduction of taxation? The position of the House, Sir, I believe is this. I have had opportunities of talking to many Honourable Members of the House on this subject and I believe that what I am going to say has their countenance and support. On several occasions the question of debt redemption has come before the House. . . .

Mr. President: Order, order. The Honourable Member must address himself to the question before the House, namely, the reduction of the salt tax.

Pandit Hirday Nath Kunzru: I only wish to point out, Sir, by placing these general considerations before the House that the reduction of taxa-

[Pandit Hirday Nath Kunzru.]

tion that the House asks for is a perfectly reasonable proposition. As I was saying, Sir, the question of debt redemption has been before the House for a long time. I will not repeat the arguments that have been brought forward in connection with this matter on more than one occasion here. But taking the provision made merely in connection with productive debt, that is, the debt incurred generally speaking in connection with Railways, we are providing for about 8 crores. The payments to be made in connection with the railway annuities and railway sinking funds and the new scheme for debt redemption brought into force in 1924 will cost us in the coming year about 8 crores. In the second place, Sir, there is the question of military expenditure. Since the Budget was presented last year, the standard expenditure, *i.e.*, the established charges, have increased by about a crore, and this in spite of the hopes which the Finance Member gave expression to last year that it would go down. The Finance Member, Sir, has had his own way with regard to the exchange. May we ask him to use his power for a better purpose and to exercise all the influence that he wields in the Government of India to bring about a reduction in military expenditure? Let him be an intrepid warrior in this cause and he will certainly earn God's blessing which he has not earned by sticking to the 1s. 6d. ratio. On these two counts alone, that is, debt redemption and military expenditure, there can be a reduction of 4 crores. Now, I know, Sir, that this reduction cannot be given effect to all at once except in regard to the provision for debt redemption, which is certainly under the control of the Finance Member. But the only way in which we can bring pressure to bear on Government, particularly in matters relating to finance, is to try to give effect to them at a time when we are asked to vote the money for carrying on the administration. Now, I said a little while ago that the Finance Member had agreed to remit about 2 crores of the provincial contributions in the near future. But, as I have explained, according to the view which has been expressed repeatedly by this House, a considerable reduction of taxation over and above the 2 crores which have to be remitted to the Provincial Governments can take place. I am now, Sir, concerned with the exact amount of reduction that the Finance Member can give effect to immediately, although that too, in my opinion, is not small. But I do propose to vote for the general proposition asking for the reduction of the salt duty in view of the fact that the opinions repeatedly expressed in this House have not been given effect to, and partly. I may say, Sir, to strengthen the hands of the Finance Member himself, who I am sure is not pleased to come before us repeatedly and complain that military expenditure is rising. I am sure that while he will earn God's blessing by helping us to reduce the crushing burden of military expenditure we shall earn his blessing by pressing the matter on his attention and it is in the earnest hope that we are strengthening the hands of the Finance Member himself in his struggle against the Military Department that I propose to support the motion for the reduction of the salt duty.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): -I rise to support the amendment for the reduction of the salt duty, and in doing so, I want to acknowledge the great service Mr. Duraiswamy Aiyangar and the other Honourable Members on this side of the House have rendered to the country by bringing this important question in this form before the House. I want also to acknowledge the services that have been rendered

by the Back-benchers on this side in the cause of the masses on many occasions before. Some people in this House have been finding fault with the Back-benchers. I am not one of them. I think the Back-benchers represent the masses much better than even many of the Front-benchers, and I am free to acknowledge here the services that they render. Perhaps their speeches may not be so polished as those on the Front-benchers (*An Honourable Member*: "Question.") I do not say that for myself. I was expressing the opinion of some persons on the opposite side. The Back-benchers speak plain language, they open their hearts and I think they should be encouraged rather than otherwise in doing so.

Coming to the merits of the question, I plead guilty to the charge brought forward against the Front-benchers by Mr. Duraiswamy Aiyangar. But I may tell him that if the Front-benchers have not tabled any amendments in this connection, they have not done so for fear of coming into competition with the amendments already proposed by the Back-benchers. This is a matter in which they have my entire support and I wish fully to associate myself with the remarks made by Mr. Duraiswamy Aiyangar in support of his proposal to reduce the salt duty to eight annas or, if that was possible, for the entire abolition of the duty. I do not sympathise with the first part of Mr. Kunzru's speech at all. It is no concern of mine to solve the difficulties which the Government may experience in making two ends meet in case this amendment be accepted by the House. This Government does not listen to us either with regard to the imposition of taxes or with regard to the spending of them, and therefore it is no part of our duty to see if the Government is at this stage, at the time of the consideration of the Finance Bill, put in any difficulty by the reduction of any tax that we should be very solicitous to see that they are not in any difficulty. I must be absolutely frank. Considering the way in which the Government trifle with this part of the House in relation to every question relating to the finances of the country, I have absolutely no sympathy with them. I stand entirely for the rights of the people. The finances of the country which come from the pockets of the poorest of this country ought to be managed according to the wishes of the people of the country. We have seen how the wishes of the people of this country are being trifled with in almost every matter relating to finance. And, if the finances are not going to be managed according to the wishes of the people of the country, we on this side of the House can have no sympathy with any difficulties that the Government may find themselves in. It is not for us to find money for the expenses which they sanction in defiance of our wishes. Of course, it will be our duty to find finances for those departments, for those expenses, which they run or incur in accordance with the wishes of the people. But if they sanction expenditure, if they carry on departments in the Government in defiance of the wishes of the representatives of the people simply by their fiat, by a vote of 39 elected Members against 65, then surely they cannot claim any sympathy from us, and it is not for us to care for their difficulties. I stand for the question of principle irrespective of the remarks made by Mr. Kunzru as to how the reduction in the salt duty is to be made up. That is the duty of the Finance Member. He will do it. He is paid for it. I stand for the principle and I support my friend Mr. Duraiswamy Aiyangar in every word that he has said. I have one word more. In my judgment it would be much better if Honourable Members concentrate on one amendment instead of moving so many amendments. I am told that, roughly speaking, the amendment of 10

[Lala Lajpat Rai.]

annas suits the retail buyers more than that of 8 annas. If so, it will be much better to concentrate on that amendment.

I desire to add one word as regards the retail sale of salt. I find from experience that the sale of salt is carried on in conditions which impose great hardships on the consumer and on the general masses of the people. It is supplied to them at much higher rates. The expenses connected with the sale come to such a heavy figure that in some places practically double, treble and even four times the price is paid by the ordinary consumer than what is paid in the shape of duty. All this profit is made by the middlemen with the sanction and approval of the authorities. They give the monopoly of the sale of salt to different contractors in different provinces, which is dispensed as a kind of favour shown to them. I trust that the Finance Department will take steps to discontinue that practice of giving a monopoly to certain people whom the Government or the bureaucracy want to favour. Salt is a thing which is consumed by the poorest people and therefore even if the salt duty is not reduced, I hope the Government of India will take steps to see that the extra expense put on the sale of salt (which is practically paid by the consumer) is reduced to a minimum, if it cannot altogether be abolished. With these remarks I support the amendment of Mr. Duraiswamy Aiyangar and I suggest that we should concentrate on the 10 annas amendment instead of dividing ourselves on 8 annas. I want the House to concentrate on 10 annas and vote for it.

The Honourable Sir Basil Blackett: With regard to the last point which my Honourable friend Lala Lajpat Rai has introduced—the question of the methods by which salt reaches the consumer—I can assure him that the Finance Department is continually watching over the business with a view to securing that the middleman of whom he is complaining does not abuse his position. He made the suggestion that there is some favouritism about it. That is a suggestion which he would not have made if he had thought twice about it. That there are difficulties in securing that the retail sale of salt shall be undertaken in ways which avoid profiteering is well known to us all, but the Finance Department has that matter continually in mind and if Lala Lajpat Rai has some particular case which he desires to bring to my attention I shall be only too happy to see if anything can be done to improve the present position. But I believe that matters are more satisfactory now than they were at one time.

Lala Lajpat Rai: If I may interrupt the Honourable Member for one minute, I would say that I am very thankful for the remarks which he has made, but I want to point out that some years ago these contracts were given in the Punjab by way of favour to a very large extent, and that was to my personal knowledge.

The Honourable Sir Basil Blackett: I should be glad if the Honourable Member could give me definite cases which have come to his notice which substantiate the charge that he has made. It is perfectly true that at the time of the change of duty in 1923 and 1924 there were considerable difficulties in securing that the Government got any reasonable share of the result of increasing the duty or that the reduction of the duty came into the pocket of the consumer at all quickly.

I turn now, however, to the main question. The cost of reducing the duty from Rs. 1-4-0 to Re. 1, that is, by 4 annas, is 1.25 crores. If you reduce it by 8 annas the cost is 2.5 crores; and if you reduce it by 10 annas,

a figure which I understand is favoured by Lala Lajpat Rai, the cost is 8·12 crores; while a 12 annas reduction would cost 8·75 crores. I do not propose to pursue the suggestion that was made by Mr. Kunzru that we should find that at this stage by a reduction in military expenditure. I should, however, like to draw his attention to the fact that I do not think he is justified in saying that military expenditure has gone up by a crore as compared with last year. The estimate for the current financial year was 54·88 crores, and for the next financial year it is 54·92 crores, which is practically the same figure.

Pandit Hirday Nath Kunzru: I was taking the budget figures and also taking the established charges, not the net charges, as I have repeatedly said in this House.

The Honourable Sir Basil Blackett: I do not propose to pursue that point but will merely point out that the estimate for the current year was 54·88 crores, net, and the estimate for the next year is 54·92 crores. We have already had a discussion as to the possibility of reduction. I do not think I need add anything to what I have already said on the subject. Any reduction that is possible in military expenditure is obviously desirable, especially in my opinion if the resulting saving is used for beneficial expenditure for other purposes. I have done my best during my period of service as Finance Member to bring the charge for military expenditure down and I think the Government have a very fair recent record in that matter. But what Mr. Kunzru is now suggesting is that you should reduce the income of the Government of India so that none of the money that would be saved by the reduction would be available for expenditure but would go to the consumer of salt presumably. Nor do I propose to follow Mr. Kunzru into the suggestion that we should reduce the sinking fund in order to reduce taxation. That is a point which I have not the least intention of following now, but I would with all the emphasis at my command say to this House and to those who are responsible or may hereafter be responsible for the finances of India, that the last thing they should consent to do is to do anything short of the maximum in the matter of reduction of debt, whether productive or unproductive. That is another point which I do not wish to follow at the present moment. Certainly if this House were to carry a reduction on any of these motions the result would be a reduction in the available revenue of the Government by 8·12 crores in the case of a reduction of 10 annas. Lala Lajpat Rai says he is not concerned with the way in which the Government find that money. I would suggest to him that he is concerned because what the Government would do, it is perfectly clear, would be not to remit the provincial contributions to that extent. That is exactly how the money would be found. (*Lala Lajpat Rai:* "The sword of Damocles.") It is the sword of Damocles, and it is a sword that has hung over my head as well as over the heads of Honourable Members in this House ever since I have been Finance Member. You cannot at the same time have a reduced central taxation and at the same time get rid of your provincial contributions unless you are prepared to impose additional central taxation of some other kind. I have not heard it suggested that the House desires to impose additional central taxation to the tune of 8·12 crores in order to replace what would be lost by the reduction of the salt duty. Until the provincial contributions are clean gone this sword of Damocles, this dilemma, is always there. And it is

[Sir Basil Blackett.]

not more in my power to avoid it than it is in the power of Lala Lajpat Rai to avoid responsibility for his vote in this matter. The dilemma is there. Next year, if we are fortunate, or the year after, if we are fortunate, the question of reduction of taxation and changes in taxation can be approached by the Central Government without reference to this troublesome question of provincial contributions. But I submit it is quite impossible this year. We are budgeting for a surplus of 8 crores and 64 lakhs and we require 545 lakhs to do without provincial contributions in this coming year. We are making a very definite draft on the future even as things are. We obviously cannot afford to go further and to do without 312 lakhs of salt revenue and still give the provinces the relief which we all want to give them. I must therefore put it perfectly plainly to the House that if the House desires to reduce the salt duty to 10 annas by their vote and proceed to do so, they will place us and themselves in exactly the position in which we were placed two years ago, namely, that the alternative is to maintain the lower salt duty and do without reduction of provincial contributions or to restore the salt duty to its present figure. I am not responsible for the dilemma. The Honourable Member is not responsible. It is there in the facts of nature. My Honourable friend Lala Lajpat Rai said he is not concerned

Lala Lajpat Rai: It has nothing to do with nature in any case.

The Honourable Sir Basil Blackett: With the trouble that it gives to the Government. He is very definitely concerned, because the trouble will be simply a non-reduction of the provincial contributions by that amount. May I turn just for a moment to what has been said about my want of sympathy for the poor man in Orissa? I think the Honourable Member who charged me of that does not remember what I said at the time. I did express sympathy and stated that all of us must feel a very real sympathy with people in that condition. But I also expressed the view that you cannot remedy that by this sort of notion of imposing a special protective duty in favour of salt on the Orissa coast against the rest of India and that the problem of the poverty of those for whom Pandit Nilakantha Das and others were speaking was not going to be remedied in this way; and if I am accused of lack of sympathy in a case where I knew I could not do more than sympathise I would suggest that a diet of sympathy is no more useful than a diet of grass. We shall come, I suppose, to that particular question later.

But to return to the main question, the House is being asked to reduce our salt revenue by 312 lakhs. I am inclined to maintain that if we had 312 lakhs available with which to reduce taxation, there are other taxes to which it would be desirable to give priority over the tax on salt. That is a matter which we may have to consider very carefully later. I would not

Mr. C. Duraiswamy Aiyangar: May I know what other taxes there are, Sir, which claim priority?

The Honourable Sir Basil Blackett: There are a good many taxes.

Mr. C. Duraiswamy Aiyangar: Will the Honourable Member name one if he can?

The Honourable Sir Basil Blackett: I would suggest as an illustration that there is a certain amount of want of sincerity about this sort of argument. The Municipality of Allahabad imposes octroi duties on almost all the necessaries of life, food grains, firewood, etc., and the cost of these octroi duties imposed by a Municipality which, I believe, is entirely in Nationalist hands, is very much more severe on the poor people than the salt tax. But there are really many other possible directions; what is after all a very small charge of 8 as. 6 p. per head per annum is not a duty which should be selected for abolition in advance of all others if we were in a position to reduce taxation, and I would suggest to the House that they should hesitate to commit themselves to the view that they are trying to commit us to now. They may possibly do so when the time comes, but to commit themselves in advance on a hypothetical case is, I suggest, a little unwise. I oppose these motions.

Pandit Nilakantha Das: May I ask one question? What about meeting the reduction of duty on this inland salt by adding some more duty on imported salt, as I have proposed?

The Honourable Sir Basil Blackett: I do not know whether you, Sir, would like me to deal with it. I understood it was not before the House.

Mr. President: The question is not before the House.

The original motion was:

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

Since which the following amendment has been moved:

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

The motion was negatived.

Mr. President: The original motion was:

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

Mr. B. Das: I have an amendment.

Mr. President: The Honourable Member will have an opportunity of moving his amendment. I am now disposing of the amendments for the reduction of the salt tax. Other amendments will follow in course of time.

Further amendment moved:

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

The Assembly divided:

AYES—50.

Abdul Matin Chaudhury, Maulvi.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ariff, Mr. Yacoub C.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sessa.
Bhargava, Pandit Thakur Das.
Chaman Lall, Mr.
Chetty, Mr. R. K. Shanmukham.
Chunder, Mr. Nirmal Chunder.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T. C.
Gulab Singh, Sardar.
Ismail Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogiah, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
Kartar Singh, Sardar.
Kelkar, Mr. N. C.
Khin Maung, U.
Kunzru, Pandit Hirday Nath.

NOES—48.

Abdul Aziz, Khan Bahadur M'an.
Abdul Qaiyum, Nawab Sir Sahibzada.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha
Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Chalmers, Mr. T. A.
Coatman, Mr. J.
Cocke, Mr. H. G.
Dalal, Sir Bomanji.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
Gavin-Jones, Mr. T.
Ghuznavi, Mr. A. H.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Heigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B.
Innes, The Honourable Sir Charles.

Lahiri Chaudhury, Mr. Dharendra
Kanta.
Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Muhammad Nawaz Khan, Lieut.
Sardar.
Mukhtar Singh, Mr.
Naidu, Mr. B. P.
Natique, Maulvi A. H.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Prakasam, Mr. T.
Ranga Iyer, Mr. C. S.
Rao, Mr. G. Sarvotham.
Roy, Mr. Bhabendra Chandra.
Sarda, Rai Sahib Harbilas.
Sarfaraz Hussain Khan, Khan
Bahadur.
Singh, Mr. Gaya Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Sinha, Mr. Ambika Prasad.
Tok Kyi, U.
Vishindas, Mr. Harchandrai.

Jawahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.
Keane, Mr. M.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Macphail, The Revd. Dr. E. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Moore, Mr. Arthur.
Muddiman, The Honourable Sir
Alexander.
Nasir-ud-din Ahmad, Khan Bahadur
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Rov, Sir Ganen.
Ruthnaswamy, Mr. M.
Sassoon, Sir Victor.
Shah Nawaz, Mian Mohammad.
Singh, Raj Bahadur S. N.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Young, Mr. G. M.

The motion was adopted.

Mr. President: Before I adjourn, I should like to congratulate the House on the progress that it has made during the last two days. The Currency Bill is out of the way and we have made fairly good progress in the matter of the Finance Bill. Therefore I do not think it necessary to trouble the Honourable Members with a night sitting. With their consent, however, I propose to sit from 10 A.M. to 6 P.M. to-morrow.

The Assembly then adjourned till Ten of the Clock on Wednesday the 23rd March, 1927.

APPENDIX.*

Statement showing net expansion and contraction of currency from the 1st September 1924 to the 31st December 1926. (Figures from the 1st January 1920 to 31st August 1924 were given in reply to a question by Mr. Jamnadas Mehta on the 23rd September 1924.)

(In lakhs of rupees.)

1st September 1924 to 31st March 1925—

Expansion—

Issue against Internal Bills of exchange under section 20 of the Indian Paper Currency Act	8,00
Issue against sterling securities	6,00
Total	14,00

Contraction—

Nil.

Net expansion	+ 14,00
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1925-26—

Expansion—

Issue against sterling securities	9,00
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Contraction—

Internal Bills of exchange withdrawn	8,00
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Net expansion	+ 1,00
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1926-27 up to December 1926—

Expansion—

Nil.

Contraction—

Transfer of sterling securities in London to the Secretary of State's balance	23,48
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Cancellation of Indian Treasury Bills in the P. C. R.	7,82
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Total	31,25
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Net Contraction	—31,25
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Net contraction from 1st September 1924 to 31st December 1926	—16,25
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* *Vide* page 2560 of these Debates.