

4th March 1927

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Volume II

(22nd February to 14th March, 1927)

FIRST SESSION  
OF THE  
THIRD LEGISLATIVE ASSEMBLY, 1927

Chamber No. 181X/23



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# CONTENTS.

VOLUME II—22nd February to 14th March, 1927.

	PAGES.
<b>Tuesday, 22nd February, 1927—</b>	
Members Sworn ... ..	1123
Questions and Answers ... ..	1123-28
General Discussion of the Railway Budget ... ..	1129-1190
<b>Wednesday, 23rd February, 1927—</b>	
Members Sworn ... ..	1191
Questions and Answers ... ..	1191-93
The Railway Budget—	
List of Demands—	
Demand No. 1—Railway Board	1194-1225, 1226-48
Message from the Council of State	1225
<b>Thursday, 24th February, 1927—</b>	
Member Sworn ... ..	1249
Private Notice Question and Answer	1249-50
The Railway Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 1—Railway Board— <i>contd.</i>	
Strengthening the representative control by all interests concerned over Indian Railways ... ..	1251-55
Quinquennial Review of Capital Programme ... ..	1255-62
Policy followed in respect of the Purchase of Stores ... ..	1262-71
Separation of Railway from General Finance ... ..	1271-80
Form of Budget and Statistics ... ..	1280-83
Grievances of Subordinate Railway Employees ... ..	1283-1300
<b>Friday, 25th February, 1927—</b>	
Member Sworn ... ..	1301
Questions and Answers	1301-15
The Railway Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 1—Railway Board— <i>contd.</i>	
Grievances of Subordinate Railway Employees— <i>contd.</i> ...	1315-42
Railway communication between Gauhati and Shillong...	1343-46
Powers and Formation of Advisory Committees ... ..	1346-60
Railway rates of freights in relation to the Indian Manufacturer ... ..	1360-68
General control and supervision, Indianisation, regulation of Capital Expenditure, etc. ... ..	1368-70
Reduction of freight on Petrol ... ..	1370-74
Demand No. 2—Inspection..	1374-80

CONTENTS—*contd.*

	PAGES.
<b>Saturday, 26th February, 1927—</b>	
Questions and Answers ...	1381-90
Unstarred Questions and Answers ...	1391-92
Statement of Business ...	1392-93
The Railway Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 3—Audit ...	1393
Demand No. 4—Working Expenses: Administration—	1393-1409
Appointment of Deputy Agents on the South Indian	
Railway ...	1409-11
Administration of the Stores Department, North West-	
ern Railway ...	1411-13
Arrangements for the Hardwar Kumbh Mela ...	1413-21
Reduction of Third Class Fares ...	1421-27
Inconveniences suffered by the Travelling Public ...	1427-31
Over-employment of Europeans in new posts created	
and vacancies filled ...	1431-38
Third and Intermediate Class Waiting Rooms for Indian	
Ladies at Moradabad ...	1438-40
Demand No. 5—Working Expenses: Repairs and Maintenance	
and Operation— ...	1440
Repairs and Maintenance charges of Rolling Stock ...	1440-50
Demand No. 6—Companies' and Indian States' Share of	
Surplus Profits and Net Earnings ...	1450
Demand No. 9—Appropriation to Depreciation Fund ...	1450
Demand No. 10—Appropriation from Depreciation Fund ...	1451
Demand No. 11—Miscellaneous ...	1451
Demand No. 12—Appropriation to the Reserve Fund	1451
Demand No. 14—Strategic Lines ...	1451
Demand No. 7—New Construction ...	1451
Demand No. 8—Open Line Works ...	1451
Demand No. 15—Strategic Lines ...	1452
<b>Monday, 28th February, 1927—</b>	
The Budget for 1927-28—Presented ...	1453-72
The Indian Finance Bill—Introduced ...	1472
<b>Tuesday, 1st March, 1927—</b>	
Members Sworn ...	1473
Questions and Answers ...	1473-1505
Unstarred Questions and Answers ...	1506-24
Demands for Supplementary Grants— <i>contd.</i>	
Aviation ...	1525-73
<b>Thursday, 3rd March, 1927—</b>	
Questions and Answers ...	1575-77
Message from the Council of State ...	1578
Petitions relating to the Currency Bill ...	1578
Statement of Business ...	1578-79
Appointment of the Committee on Public Petitions ...	1579
General Discussion of the Budget—Part II— <i>contd.</i> ...	1579-1643

CONTENTS--*contd.*

	PAGES.
<b>Friday, 4th March, 1927--</b>	
Questions and Answers ... ..	1643-1654
Short Notice Questions and Answers ... ..	1655-58
Unstarred Questions and Answers ... ..	1658-60
Motion for Adjournment--Riot in the District of Backergunj in Bengal--Not moved ... ..	1660
Petitions relating to the Currency Bill ... ..	1660-62
General Discussion of the Budget--Part II-- <i>concl'd.</i>	1661-1727
<b>Monday, 7th March, 1927--</b>	
Member Sworn ... ..	1729
Questions and Answers ... ..	1729-43
Unstarred Questions and Answers ... ..	1743-46
Petitions relating to the Currency Bill ... ..	1746-47
Report of the Committee on Petitions <i>re</i> Petitions relating to the Currency Bill--Laid on the table ... ..	1747
Order of the Debate on Demands for Grants ... ..	1747-48
The Currency Bill--Motion to consider adopted ... ..	1748-1815
<b>Tuesday, 8th March, 1927--</b>	
Questions and Answers ... ..	1817-35
The Currency Bill--Discussion adjourned	1835-95
<b>Wednesday, 9th March, 1927--</b>	
Questions and Answers ... ..	1897-1911
The General Budget-- List of Demands-- Demand No. 28--Executive Council-- <i>cont'd.</i> ... ..	1911-73
<b>Thursday, 10th March, 1927--</b>	
The General Budget-- <i>cont'd.</i> List of Demands-- <i>cont'd.</i> Demand No. 28--Executive Council-- <i>cont'd.</i> ... ..	1975
Demand No. 16--Customs ... ..	1975-2008
Paucity of Wharfingers in Karachi ... ..	1976-77
Duty on Cotton Piecegoods and abolition of the Export Duties on Tea and Raw Hides ... ..	1977-80
Revision of specific, <i>ad valorem</i> , and protective Duties-- Tax Administration ... ..	1980-86
Ruling as to assessment of Duty on Imported Paper... ..	1986-88
Invidious distinctions between Provinces in the scales of Pay of Clerks ... ..	1988-93
Export Duty on Jute ... ..	1993-99
Export Duty on Rice ... ..	1999-2002
Customs Policy--Land Frontiers ... ..	2002
Smuggling of Saccharine ... ..	2002-06
Demand No. 23--Indian Postal and Telegraph Depart- ment-- ... ..	2009-24
Dearth of Post Offices in the Chota Nagpur Division. ... ..	2013-15
Low Salaries of postal clerks, peons and subordinate services and inadequate pensions to retired subor- dinates ... ..	2015-34



CONTENTS—*contd.*

PAGES.

**Friday, 11th March, 1927—**

Questions and Answers	2035-52
Bills passed by the Council of State laid on the table	2052
Message from the Council of State	2052-53
Statement of Business	2053-54
The General Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 23—Indian Postal and Telegraph Department— <i>contd.</i>	2054-2101
Low Salaries of Postal Clerks, Peons and Subordinate Services and inadequate Pensions of Subordinate Retired Officers	2054-83
Division of Portfolios and non-appointment of a Member for Communication	2083-92
Telegraph Censorship	2092-97
Press Telephone Rates	2097-98
Cable and Inland Press Rates	2098-99
Posting of Telegrams	2099-2100
Indo Ceylon Cables	2100-01

**Saturday, 12th March, 1927—**

Questions and Answers	2103-08
Statement laid on the Table	2108
Withdrawal of Instructions to Select Committees to report on certain Bills within given date	2108-09
Petitions relating to the Currency Bill	2109
The Currency Bill—Discussion on the consideration of clauses adjourned	2109-00

**Monday, 14th March, 1927—**

Questions and Answers	2161-85
Unstarred Questions and Answers	2182-85
Report of the Committee on Petitions regarding petitions relating to the Currency Bill	2185
General Budget— <i>contd.</i>	
List of Demands— <i>contd.</i>	
Demand No. 18—Salt—	2186-2202
Desirability of increasing the consumption of Salt in India and of making India self-supporting in the matter of Salt	2186-90
Manufacture of Salt in the Orissa Coast	2190-97
Grievances of the Miners of the Khewra Salt Mines	2197-2202
Demand No. 38—Army Department—	2202-40
Report of the Auxiliary and Territorial Forces Committee: University Training Corps	2203-14
General Policy and Expenditure	2214-40

# LEGISLATIVE ASSEMBLY.

Friday, 4th 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.

### GRIEVANCES OF CLERKS OF ACCOUNTS OFFICES.

694. \***Mr. Nirmal Chunder Chunder:** (a) Has the attention of the Honourable the Finance Member been drawn to a letter published in the *Forward*, dated 11th February, 1927, regarding grievances of clerks of Accounts offices?

(b) Is it a fact that the benefit derived from the introduction of the new scale was only from one rupee to eight rupees per month and as such, it has not rendered any appreciable benefit to the old hands of the establishment on whose memorial the old scale was revised?

(c) Is it a fact that those clerks who have rendered seven years' service or more will not be able to reach the maximum of the sanctioned scale?

(d) Is it a fact that the difference between the old and the newly sanctioned minima was not granted to all—especially the old hands of the establishment?

**The Honourable Sir Basil Blackett:** Enquiries are being made and the information will be furnished to the Honourable Member as soon as possible.

### EXPENDITURE INCURRED IN GIVING EFFECT TO THE RECOMMENDATIONS OF THE LEE COMMISSION.

695. \***Mr. Nirmal Chunder Chunder:** Is it a fact that the Government have recently spent a large sum of money in giving effect to the recommendations of the Lee Commission as a result of the present satisfactory condition of the finances?

**The Honourable Sir Basil Blackett:** The facts as regards the expenditure of the Central Government consequent on the Lee Commission's recommendations were given in my reply to questions 96, 431 and 439 on 25th January 1926. The answer to the present question in the form in which it is asked is in the negative.

### GRANT OF COMPENSATORY HOUSE RENT ALLOWANCE TO THE CLERKS OF THE POSTS AND TELEGRAPHS DEPARTMENT.

696. \***Mr. Nirmal Chunder Chunder:** (a) Is it a fact that the Government have recently sanctioned the grant of compensatory house rent allowances for the clerks of the Posts and Telegraphs Department?

(b) Is it a fact that the Government of India in their Finance Department letter No. 1660-F. E., dated 10th July, 1923, admitted the grievances of the clerks of the Civil Accounts offices, but expressed their inability to grant any relief owing to financial difficulty at the time?

(c) If so, will the Honourable Member kindly state when the relief promised by the Government will be granted to the clerks of the Accounts Department?

**The Honourable Sir Basil Blckett:** (a) The Government have not recently sanctioned any compensatory house rent allowance for the clerks of the Posts and Telegraphs Department, but compensatory allowance has been sanctioned for the non-gazetted selection grade staff of that Department in Rangoon, Bombay and Calcutta only.

(b) and (c). In the letter referred to, the Government recognised that on a comparison of their pay with rates sanctioned by Local Governments for their own establishments the clerks in the Civil Accounts Offices felt they had a grievance, but they postponed consideration of the question of revising their pay pending consideration of a suggestion made by the Indian Retrenchment Committee for an enquiry with a view to reducing the pay of the subordinate services generally including those paid by Local Governments. When such general reduction was found not to be feasible the revision of pay in Civil Accounts Offices was sanctioned with effect from the 1st March 1924.

#### INDIAN GUARDS OF THE EASTERN BENGAL RAILWAY.

697. **\*Mr. V. V. Jogiah:** (a) Will Government be pleased to state how many Indian guards of the Eastern Bengal Railway are drawing the maximum salaries of "A" class?

(b) How many "B" class guards were directly recruited in the year 1926?

(c) How many Indians of "A" class drawing maximum salaries have been promoted to the "B" class in the year 1926?

(d) Will Government be pleased to state the number of "B" class guards sanctioned in the authorisation roll for the year 1926?

(e) Is it a fact that "B" class guards were appointed in excess of the sanctioned number?

(f) If so, how many under each race?

**Mr. A. A. L. Parsons:** (a), (b), (c), (e) and (f). The information will be collected and sent to the Honourable Member in due course.

(d) 186.

#### APPOINTMENT OF INDIANS AS "B" CLASS GUARDS ON THE EASTERN BENGAL RAILWAY.

698. **\*Mr. V. V. Jogiah:** (a) Will Government be pleased to state if it is a fact that the Traffic Manager, Eastern Bengal Railway, has appointed directly Anglo-Indian and European guards in the "B" class ignoring pure Indians eligible for such promotion?

(b) If not, will Government be pleased to state the reason for not appointing Indian graduates and senior "A" class guards in the "B" class?

\* **Mr. A. A. L. Parsons:** (a) and (b). Government have no information. The Agent is aware of the views of the Government in connection with recruitment.

PAY OF INDIAN DRIVERS ON THE EASTERN BENGAL RAILWAY.

699. \***Mr. V. V. Jogiah:** (a) Will Government be pleased to state if it is a fact that Indian drivers of the Bengal Nagpur Railway are getting more pay than the Indian drivers on the Eastern Bengal Railway?

(b) If so, will Government be pleased to state if they are going to raise the status and pay of Indian drivers on the Eastern Bengal Railway?

**Mr. A. A. L. Parsons:** (a) There are no separate rates of pay for Indians employed as drivers on these railways. Drivers' pay and mileage allowances vary on different railways being fixed according to the work required to be done and to local conditions.

(b) No.

GRANTS-IN-AID TO EUROPEAN AND INDIAN RAILWAY INSTITUTES BY THE EASTERN BENGAL RAILWAY.

700. \***Mr. V. V. Jogiah:** (a) Will Government be pleased to place on the table a statement shewing for the last three years, the number of members of each Railway Institute for Indians and for Europeans and the amount paid to Indian Institutes and European Institutes as grant-in-aid by the Eastern Bengal Railway Administration?

(b) If the amount paid to the European Institute is more than what is paid to the Indian Institute, what is the justification for such differential treatment?

**Mr. A. A. L. Parsons:** The information has been called for from the Agent, Eastern Bengal Railway, and will be supplied to the Honourable Member when received.

GRANT OF EXTENSIONS OF SERVICE TO EMPLOYEES OF THE BENGAL NAGPUR RAILWAY.

701. \***Mr. V. V. Jogiah:** (a) Will Government be pleased to state whether any Indian in the ministerial establishment who was not granted an extension of service beyond the age of 55 years in the open line of the Bengal Nagpur Railway within the last two years is now employed in the Construction Department of the same Railway?

(b) If so, will Government be pleased to state the reason for refusing extension but admitting them again into service?

(c) Were any Anglo-Indians of the same Department granted any extensions of service after the age of 55 years within the last two years?

(d) If so, will Government be pleased to state the reason for such differential treatment?

**Mr. A. A. L. Parsons:** Government have no information on the point.

CASE OF MR. ASHUTOSH CHAKRABARTY, A GUARD OF THE EASTERN BENGAL RAILWAY.

702. \*Mr. V. V. Jogiah: (a) With reference to question No. 856 asked by Mr. Amar Nath Dutt in the Autumn Session of the Assembly held at Simla in September, 1925, in regard to Mr. Ashutosh Chakrabarty, a guard of the Eastern Bengal Railway, will the Government be pleased to state if the promised inquiry is finished?

(b) If so, will the Government be pleased to inform this House the result of the said inquiry?

(c) If not, why not?

Mr. A. A. L. Parsons: (a) Yes.

(b) and (c). The result of the enquiry was communicated to Mr. Amar Nath Dutt, and, if the Honourable Member wishes, I will also let him have the same information.

ABOLITION OF THE LOWER DIVISION IN THE OFFICE OF THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.

703. \*Mr. V. V. Jogiah: 1. Will Government be pleased to state whether it is a fact that:

(a) there was no classification in the clerical establishment under the Accountant-General, Posts and Telegraphs, before 1918?

(b) the several Deputy Accountants-General, in their letters Nos. Calcutta 1279-A. G./G., dated 21st January, 1920, Delhi E.-84, dated 24th January, 1920; Nagpur G./1377, dated 17th January, 1920, and Madras G./M.-3708, dated 17th February, 1920, strongly recommended the abolition of the lower division?

(c) the then Accountant-General, Posts and Telegraphs, Calcutta, in his demi-official No. 571, dated 28th July, 1921, to the Accountant-General, Railways, stated that if it was possible to enforce the lower efficiency bar strictly, the lower division might be abolished so that a man fit for mechanical work only might not go beyond the bar?

(d) there is a strict efficiency bar at Rs. 124 in the upper division scale?

2. If the replies to part 1 be in the affirmative, will the Government be pleased to state why the lower division has not been abolished and a uniform scale adopted?

GRIEVANCES OF EMPLOYEES OF THE SAVINGS BANK DEPARTMENT UNDER THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, CALCUTTA.

704. \*Mr. V. V. Jogiah: (a) Has the attention of the Government been drawn to the articles that appeared in the *Forward*, dated Calcutta, the 13th November, 1926, and 11th January, 1927, regarding the manifold grievances of the assistants serving in the Savings Bank Department under the Deputy Accountant General, Posts and Telegraphs, Postal Branch, Calcutta?

(b) If so, what steps have they taken in the matter?

(c) Will they please also state why office hours have been extended there up to 6 P.M. from 4-30 P.M., without any overtime allowance?

APPOINTMENTS IN THE UPPER DIVISION IN THE POST AND TELEGRAPH  
ACCOUNTS OFFICES AT CALCUTTA.

705. \*Mr. V. V. Jogiah: Is it a fact that raw recruits are being appointed against upper division vacancies in the Post and Telegraph Accounts Offices at Calcutta controlled by the Accountant General, Posts and Telegraphs, ignoring the claims of the lower division clerks in the Telegraph Check Office who have passed the departmental examination long ago and are experienced in the departmental work? If so, why are the latter not preferably provided against the upper division vacancies?

APPOINTMENTS IN THE UPPER DIVISION IN THE OFFICE OF THE ACCOUNTANT  
GENERAL, POSTS AND TELEGRAPHS.

706. \*Mr. V. V. Jogiah: Is it a fact that several recruits were placed in the lower division under the Accountant General, Posts and Telegraphs, though they secured more marks in the same recruitmental examination held in the same year 1920 than some of their fellow recruits who were placed in the upper division? If so, why should not the former be placed in the upper division with retrospective effect, from the date of their admission?

REDUCTION OF CERTAIN UPPER DIVISION CLERKS UNDER THE DEPUTY  
ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, POSTAL BRANCH,  
CALCUTTA.

707. \*Mr. V. V. Jogiah: Is it a fact that certain upper division clerks under the Deputy Accountant General, Posts and Telegraphs, Postal Branch, Calcutta, have been permanently degraded to the lower division? If so, will the Government please state the reasons for this?

**The Honourable Sir Basil Blackett:** I propose to reply to questions Nos. 703 to 707 together. The information asked for would involve considerable time and trouble in collection and I trust the Honourable Member will recognise that the results are unlikely to be commensurate with the labour involved.

POSTS OF STATION MASTERS AT CERTAIN STATIONS ON THE EASTERN  
BENGAL RAILWAY.

708. \*Mr. V. V. Jogiah: Is it a fact that the posts of the station masters at Shivarampore, Jamtoil, Salap and Saratnagar have been filled up by junior hands ignoring the claims of a senior assistant station master at Phulbari on the Eastern Bengal Railway? If so, why?

**Mr. A. K. L. Parsons:** Government have no information and do not propose to enquire.

PROVISION OF QUARTERS FOR THE ASSISTANT T. X. R. AT BUDGE-BUDGE ON THE EASTERN BENGAL RAILWAY.

709. \***Mr. V. V. Jogiah**: Is it a fact that there is no railway quarter available at Budge-Budge station, Eastern Bengal Railway, for the Assistant T. X. R.? If so, do the Government propose to have quarters built early for the second T. X. R. Budge-Budge? If not, why not?

**Mr. A. A. L. Parsons**: Government have no information.

This is a matter for the Agent, Eastern Bengal Railway, to deal with. A copy of the question and this answer will be sent to him for such action as he may consider necessary.

ECONOMIES EFFECTED IN THE PURCHASE OF MILITARY STORES BY THE DIRECTOR OF CONTRACTS.

710. \***Mr. Mukhtar Singh**: Will Government be pleased to state the economies effected in the purchases made through the Director of Contracts and over the previous system in vogue?

**Mr. G. M. Young**: It would entail a great deal of statistical calculation to compile the information asked for by the Honourable Member and Government are not prepared to undertake its compilation. But I may point out that the matter was examined by the Braithwaite Committee in 1922 which held that the operations of the Director of Contracts had resulted in considerable economies in the expenditure on stores. This finding was endorsed by the Retrenchment Committee which reviewed the Braithwaite Committee's report.

EXHIBITION GIVEN BY INDIANS IN BERLIN UNDER THE DIRECTION OF MR. HAGENBECK.

711. \***Mr. Mukhtar Singh**: (a) Are Government aware that Indians are used as animals in a circus in Germany? If the answer be in the affirmative, will Government be pleased to state the number of Indians who are so employed in Germany and other places in Europe?

(b) Will Government be pleased to state when and how a passport to these Indians was granted?

(c) Were Government apprised of the fact at the time of granting the passport that the Indians were being taken outside India for being used like animals in the circus?

(d) Will Government be pleased to state who applied for the passports of the Indians taken outside British India for the purpose of show in foreign countries?

(e) Is there any truth in the statement made in the Press that Rs. 25,000 were deposited as security with Government for the safety of the Indians at the time of taking them outside India for the purposes of using them in the circus?

(f) Has the attention of the Government been drawn to the fact that Indians are being used as animals in the circuses of foreign countries? If so, will the Government be pleased to state the steps taken to stop this practice?

**The Honourable Sir Alexander Muddiman:** I presume the Honourable Member bases his question on the sensational articles which appeared in the Press some months ago regarding the exhibition given by Indians in Berlin under the direction of Mr. Hagenbeck. The allegations made were fully dealt with in a communiqué issued on the 1st December, a copy of which is to be found in the Library. It will be seen that there is no truth whatever in the suggestion that Indians were being used as animals, and I am surprised that the Honourable Member should continue to give currency to such a story after it has been categorically denied by Government.

2. The emigration of persons of this kind is governed by the provisions of the Indian Emigration Act, VII of 1922. Under section 2(f) (iii) of this Act, the work for which they were engaged comes specifically within the definition of "skilled work". Under section 16 application for permission to engage such skilled workers has to be made to the Local Government. The Government of Madras saw no reason to suppose that there was anything objectionable in the purpose for which these persons were recruited and they allowed them to proceed in accordance with the provisions of the Act. It is understood that security was furnished under section 16(2) (c) for the due observance of the conditions laid down and for the proper treatment of the persons engaged and that a sum of Rs. 7,250 was deposited with the Government of Madras, to be refunded on the return of the emigrants if the conditions laid down were observed satisfactorily. The Protector of Emigrants at Dhanushkodi has reported favourably on the physical and financial condition of the men who have returned.

3. The total number of persons recruited in Madras during the year 1926 for these purposes was 140, out of whom 104 have since returned. A party of 19 who were recruited for proceeding to Denmark in March 1926 and a party of 17 recruited for Holland in September 1926 have not yet returned.

4. The agents through whom these parties were recruited are.

- (1) Mr. J. Johansen, representative of Messrs. Carl Hagenbeck's Circus Co.,
- (2) Mr. Abdul Meah of Bombay.
- (3) Mr. N. M. Mohamed Hanifa of Colombo.

5. The persons recruited were granted individual passports.

**ALLEGATIONS AGAINST THE AGENT OF THE BENGAL NAGPUR RAILWAY  
IN THE BASUMATI OF THE 18TH FEBRUARY, 1927.**

712. \***Mr. Mukhtar Singh:** Has the attention of the Government been drawn to the report published in the *Basumati*, dated the 18th February, 1927, in connection with the Kharagpur strike incident? Has the Government made any inquiries as to the allegations made against the Agent of the railway? If so, will Government be pleased to place on the table the results of such an inquiry?

**The Honourable Sir Charles Innes:** I am sorry that I have not been able to procure a copy of the article referred to.



### POST AND TELEGRAPH OFFICES IN THE SYLHET DISTRICT.

713. **\*Mr. Srish Chandra Dutta:** Will Government be pleased to state the total number of new post and telegraph offices opened in the district of Sylhet during the period from the year 1915 to 1926? What is the average jurisdiction area of the post and telegraph offices in the district of Sylhet and what is the distance of the most distant village from a post office and a telegraph office, there?

**Sir Ganen Roy:** Thirty-one new post offices and five new telegraph offices were opened. The average jurisdiction area is thirty-four miles. The distance of the most distant village from a post office is eighteen miles and from a telegraph office thirty-four miles.

### OPENING OF A TELEGRAPH OFFICE AT JAGANNATHPUR IN THE SYLHET DISTRICT.

714. **\*Mr. Srish Chandra Dutta:** Was there any proposal during the last 15 years for opening a telegraph office at Jagannathpur in the district of Sylhet? If so, why was the proposal given up?

**Sir Ganen Roy:** The proposal to open a telegraph office at Jagannathpur was considered in 1922. But it was dropped as it would have involved a heavy financial loss to the Department.

### CIRCUITOUS MAIL ROUTES IN THE SYLHET DISTRICT.

715. **\*Mr. Srish Chandra Dutta:** Are Government aware that the mail routes in the district of Sylhet are circuitous, not direct and very slow, in consequence of which letters posted from the town of Sylhet reach a post office situated at a distance of 26 miles only on the third day? If so, do the Government propose to take proper measures for making the mail routes more direct and easy?

**Sir Ganen Roy:** Government have no information that such is the case. The question of improving the mail routes wherever possible is engaging the attention of the Postmaster-General.

### IMPORT OF BETEL-NUTS FROM SINGAPORE.

716. **\*Mr. Srish Chandra Dutta:** Will the Government be pleased to state if there is any truth in the belief current in some parts of the country that Singapore betel-nuts imported into India and generally sold in the bazars cut in two pieces, are those used in tanning leather?

**Mr. A. A. L. Parsons:** Government have no information on the subject. I may add, however, that *prima facie* it seems exceedingly unlikely that there is any truth in the belief. For one thing, betel-nuts are so expensive a product that for this reason alone it seems very improbable that they would be used for the tanning of leather.

### PROVISION OF HIGH LEVEL PLATFORMS AT STATIONS ON THE ASSAM BENGAL RAILWAY.

717. **\*Mr. Srish Chandra Dutta:** Are the Government aware that the platforms in almost all the stations on the Assam Bengal Railway are very low and therefore cause much hardship and inconvenience to the

passengers, specially females, in both entraining themselves and getting down from the trains? Do the Government propose to take proper remedial measures in this behalf?

**Mr. A. A. L. Parsons:** It is left to the discretion of railway administrations to provide high level platforms at stations where the traffic offering justifies their provision. Government would, therefore, suggest that this matter be brought to the notice of the Agent, Assam Bengal Railway Company, through his Local Advisory Committee.

RETENTION OF HIS USUAL ALLOWANCES IN THE GENERAL SCALE BY A TELEGRAPHIST DEPUTED FOR TRAINING AS A WIRELESS OPERATOR.

718. \***Mr. N. M. Joshi:** Will Government please state:

- (a) What is the scale of house rent allowance admissible to Government telegraphists in the General Scale?
- (b) When a telegraphist in the General Scale is ordered for training as a wireless operator, does he retain his usual allowances in the General Scale?
- (c) When the wireless operators are expressly ordered *not* to take their families to a particular place or locality, do they continue to draw their house rent at the original station, as family rates; and at the place where they are posted, at bachelor rates? If not, why not?
- (d) Is any preferential treatment given to Europeans and Anglo-Indians in this respect? If so, why so?

**Sir Ganen Roy:** (a) Rates vary from Rs. 15 to Rs. 45 per mensem and depend upon whether the telegraphist is married or single, the station where he is employed, his length of service, etc.

(b) Yes.

(c) Yes, unless special concessions are otherwise provided or the transfer is voluntary.

(d) No.

RECRUITMENT OF WIRELESS OPERATORS.

719. \***Mr. N. M. Joshi:** With reference to my starred question No. 753, dated the 7th September, 1925, will Government please state:

- (a) Whether any examination is held for the recruitment of men as wireless operators?
- (b) How many men have since been recruited to work as wireless operators? How many of them are Indians and how many Europeans and Anglo-Indians?
- (c) Is the scheme referred to in the reply to (c) of my question No. 753, dated the 7th September, 1925, for the recruitment of Indians now in operation? If not, why not?
- (d) Is there any scheme in preparation to give special facilities to ex-service soldiers in the matter of recruitment, at the cost of the Indian operators?

- (e) What is the scale of pay of wireless operators sanctioned for:  
 (i) Indians, and (ii) Anglo-Indians and Europeans, at stations in India and out of India under the Indian Government?
- (f) After recruitment, are the European and Anglo-Indian operators given any concessions in preference to Indians?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Yes, when recruiting ex-service men as wireless operators; no, in the case of departmental telegraphists who are operators.

(b) 26: *viz.*, Europeans 11, Anglo-Indians 14, Indian 1.

(c) No. Before introducing any new scheme of recruitment it was considered desirable with the object of reducing the surplus staff of departmental telegraphists to transfer a certain number of these men to wireless work and this has also had the effect of increasing the number of Indians employed in wireless.

(d) No; but there has been a scheme in force since 1919 under which a limited number of ex-service men have been engaged.

(e) Two scales of pay, *viz.* :

Rs. 250—10—300 for ex-service men;

Rs. 80—250 <i>plus</i>	} for Europeans, Anglo-Indians and Indian departmental telegraphists.
Rs. 2/3 per diem wireless allowance	

(f) No.

**Mr. N. M. Joshi:** May I ask what steps Government propose to take to increase the number of Indians as wireless operators from the figure 1 to the figure 2?

**The Honourable Sir Bhupendra Nath Mitra:** The whole question of future recruitment into the wireless branch of the Telegraph Department as well as into the ordinary branch is now engaging my consideration.

GRANT OF A LICENCE TO THE INDIAN RADIO TELEGRAPH COMPANY LIMITED.

720. **\*Mr. N. M. Joshi:** (a) Have Government given a licence to any Radio Company in India?

(b) Will they be pleased to state whether while granting licence, they have imposed upon the Company any condition as to the training and employment of Indians as operators?

(c) Will they be pleased to state how many operators have so far been engaged?. How many of them are Indians and how many Europeans and Anglo-Indians?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Yes; to the Indian Radio Telegraph Company Limited.

(b) The Honourable Member is referred to clauses 44 and 45 of the agreement with the Company, dated 24th February, 1925, a copy of which will be found in the Library.

(c) The Company has been requested to supply the information required and it will be furnished to the Honourable Member when received.

**Mr. K. O. Roy:** Will the Government be pleased to state what action they have taken to safeguard Government interests over the control of this company?

**The Honourable Sir Bhupendra Nath Mitra:** I think, Sir, that is provided for in the agreement itself; but as I have not got the terms of the agreement in my head I shall be obliged if the Honourable Member will put down that question.

**Mr. K. C. Roy:** May I ask if it is not a fact that Government will have only one director in the whole company, that is, the Director of Wireless? Is not that a fact?

**The Honourable Sir Bhupendra Nath Mitra:** That probably is the fact, Sir; but I cannot at present give the Honourable Member any definite information on the point.

**Mr. K. C. Roy:** May I ask, Sir, whether the Radio Company will broadcast the speeches made in this House?

**The Honourable Sir Bhupendra Nath Mitra:** I dare say, Sir, they will try to do it in due course. (Laughter).

#### THE COORG LABOUR ACT, 1926.

721. **\*Mr. N. M. Joshi:** (a) Is it a fact that the Government of India have recently sanctioned the enactment of legislation on the lines of the Workmen's Breach of Contract Act in the province of Coorg?

(b) Is it a fact that one of the main reasons given for passing such legislation was the existence on the Statute-book of the "Madras Planters' Labour Act", which operates in parts adjoining Coorg?

(c) Is it a fact that the Committee appointed by the Government of Madras to consider the question of the repeal of the Madras Planters' Labour Act have recommended that this Act be repealed only when the Coorg legislation ceases to exist?

(d) Will the Government be pleased to state what steps they propose to take to break this vicious circle?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The Honourable Member presumably refers to the Coorg Labour Act, 1926. The introduction of the Bill enacted as that Act received the sanction of the Governor-General and not of the Government of India.

(b) This was one of the reasons, but not the main reason.

(c) So far as the Government of India are aware, the answer is in the negative. I understand that a Bill is to be introduced in the Madras Legislative Council repealing the Madras Planters' Labour Act with effect from 1st April, 1930. The Coorg Act will cease to have effect from 1st April, 1931.

(d) I cannot see that there is any vicious circle to be broken.

#### ESTABLISHMENT OF A PROVIDENT FUND FOR GOVERNMENT EMPLOYEES.

722. **\*Mr. N. M. Joshi:** Will the Government be pleased to make a statement as to the stage at which the consideration of the question of the establishment of a Provident Fund for all Government employees now stands?

**The Honourable Sir Basil Blackett:** I would refer the Honourable Member to the reply which I gave on the 3rd February to Mr. Duraiswamy Aiyangar's starred question No. 91. I am unable to make any further statement at this stage.

REVISION OF THE LEAVE AND PENSION RULES OF INFERIOR SERVANTS  
EMPLOYED UNDER THE CENTRAL GOVERNMENT.

723. \*Mr. N. M. Joshi: Will the Government be pleased to state if they propose to undertake at an early date an inquiry as to the desirability and practicability of revising the rules regarding leave and pensions in the case of 'the inferior servants'? If not, why not?

**The Honourable Sir Basil Blackett:** Local Governments of Governors' Provinces have now full powers to make rules regulating the leave and pension of inferior servants under their control and it is therefore for these Governments alone to decide whether any change should be made in the existing rules. The question of revising the leave and pensions rules of inferior servants under the Central Government is under consideration.

EMPLOYMENT OF THE INDIAN ARMY OUTSIDE INDIA.

724. \*Diwan Chaman Lal: (a) Will Government state whether the following Resolution was passed by the Legislative Assembly in 1921:

"The Army in India should not as a rule be employed for service outside India's external frontiers, except for purely defensive purposes, or with the previous consent of the Governor-General in Council in very grave emergencies; provided that this should not preclude the appointment on garrison duty overseas of Indian troops at the expense of His Majesty's Government, with the consent of the Government of India"?

(b) Will Government state whether Sir Godfrey Fell accepted this Resolution on behalf of the Government?

(c) Will Government state whether the defence of Shanghai is considered by the military authorities to mean the defence of India?

(d) Will Government state whether service in the Shanghai Defence Force is reckoned by the military authorities as garrison duty in terms of the above Resolution?

**Mr. G. M. Young:** (a) The Honourable Member has quoted the terms of the Resolution correctly except that the words "appointment on garrison duty" should be "employment on garrison duties".

(b) Yes.

(c) The Honourable Member seems to me, Sir, to be inviting an expression of opinion; but I think it would be safe to say that the words "defence of Shanghai" mean "defence of Shanghai" and not "defence of India". The Resolution, however, makes no mention of the defence of India but speaks of purely defensive purposes, and it is clear from the speech of the Mover as well as from the discussion, that the words did not mean "defence of India", but "purely defensive" as opposed to "aggressive" purposes. As has repeatedly been stated, the purpose for which troops have been despatched to Shanghai is purely defensive.

(d) Service in the Shanghai Defence Force might be described as garrison duty, but the term was interpreted in the discussion as meaning continuous garrison duties, and therefore this part of the Resolution can hardly be said to apply.

## SHORT NOTICE QUESTIONS AND ANSWERS.

### ARRANGEMENTS FOR THE FAMILIES OF BRITISH REGIMENTS SENT TO CHINA.

**Colonel J. D. Crawford:** Will the Government please state what arrangements are being made for the married families of British regiments which have been sent from India to China?

**Mr. G. M. Young:** The Government are in communication with His Majesty's Government on the subject. As soon as a decision is reached, I will inform my Honourable friend.

**Colonel J. D. Crawford:** A supplementary question, Sir. Have the Government taken any steps to explain to the Home authorities the difficult and distressing position of the women and children in India when they are deprived of the protection of their menfolk?

**Mr. G. M. Young:** The answer is in the affirmative.

**Colonel J. D. Crawford:** Will the Government be pleased to take further steps to press the Home authorities to have the married families of these men taken to England?

**Mr. G. M. Young:** We are still in communication with His Majesty's Government. I cannot say more than that now.

**Colonel J. D. Crawford:** Will the Honourable Member undertake to have these questions communicated to the Home authorities?

**Mr. G. M. Young:** Yes, Sir.

### RIOT IN THE DISTRICT OF BACKERGUNJ IN BENGAL.

**Mr. K. Ahmed:** Sir, I beg to put a question of which I gave private notice to the Honourable the Home Member:

1. Is the attention of the Government being drawn to a Press statement about a riot in the District of Backergunj in Bengal? Will the Government be pleased to make a full statement in the matter?

2. Do Government propose to take immediate steps to prevent a recurrence of similar unfortunate events in the country?

3. If so, will they be pleased to state their intention?

**The Honourable Sir Alexander Muddiman:** The answer to the first part of the question is in the affirmative.

The Government of India have so far received only a brief telegram reporting the barest outline of the facts. From this telegram it would appear that the trouble originated in the question of music by Hindus before a mosque at a place called Kulkamhi, that a large mob of Muhammadans opposed this violently and that the District Magistrate was forced to order the Frontier Rifles to open fire. The casualties reported, I regret to say, number 12 killed and 7 wounded. The Bengal Government have promised further details as soon as they are received.

With regard to the second part of the question, the Government of India must await the detailed report from the Local Government together with the comments of that Government before they can form a judgment as to whether, and if so what, action on their part is necessary or desirable.

**Mr. K. Ahmed:** Are the Government aware, Sir, that in the press communiqué, dated Barisal, the 2nd of March, 1927, and published in the *Hindustan Times* of Delhi, that a later message says that before fire was ordered, 20 Muhammadans are reported to have been killed and about 40 wounded and that dead bodies were being brought to the police lines?

**The Honourable Sir Alexander Muddiman:** I have read the further statements in the Press as to additional casualties, but I have no official information about that.

**Mawab Sir Sahibzada Abdul Qayyum:** Will Government please see that the information supplied by the Associated Press in all cases of communal riots is accurate and unbiassed, because it is the first information that creates an impression on the mind of the public and prejudices the case one way or the other?

**The Honourable Sir Alexander Muddiman:** The Government very greatly desire that all communications in the Press should be accurate and judicially minded.

**Mr. K. Ahmed:** In view of the fact that the question of music before mosques has engaged the attention of the Government of India and the country particularly since the 2nd of April, 1926, do Government propose, for the benefit of the country, to take immediate steps to put an end to this matter so that the people of India may live in peace and tranquillity?

**The Honourable Sir Alexander Muddiman:** I should very greatly desire, Sir, that these unfortunate incidents should be terminated, and, if the Honourable Member can indicate any manner in which they could be terminated, I will certainly consider it. I suggest, however, that the matter is not one for laughter.

**Mr. K. Ahmed:** Sir, I gave notice of a Resolution which read thus:

"This Council recommends to the Governor General in Council that he may be pleased to take immediate steps to bring about a solution of the question of music before mosques for the benefit of India",

and, Sir, after it was allowed by the President, it was disallowed by His Excellency the Viceroy, Lord Reading, under the instructions from the Home Department, and Sir . . . .

**Mr. President:** One by one, please.

**Mr. K. Ahmed:** Is it not a fact, Sir?

**The Honourable Sir Alexander Muddiman:** I really do not know what the Honourable Member is asking as to what is a fact or not. But I again repeat that this very serious communal trouble is not a matter for laughter.

**Mr. K. Ahmed:** Is it not a fact, Sir, that my Resolution was allowed by you, Mr. President, and that His Excellency the Viceroy disallowed it in January, 1926, under Standing Order 22, clause 2? Is it not a fact, Sir?

**The Honourable Sir Alexander Muddiman:** I would suggest to the Honourable Member to put down his question. I do not carry the matter in my recollection.

**Mr. K. O. Neogy:** Do I take it, Sir, that Government, by agreeing to answer these questions at such great length, have agreed to the creation

of a convention under which it will be permissible for us to bring up questions here which hitherto were objected to on the ground that they related to provincial subjects?

**Mr. President:** Questions are allowed by the President, and the Government have nothing to do with it.

**Nawab Sir Sahibzada Abdul Qaiyum:** May I ask, Sir, if the attention of Government has been drawn to a speech recently made by Dr. Moonje at Gujranwala in which he said that if the Mussulmans objected to music before mosque, they should remove their mosques from the road-sides. Do Government contemplate taking any action in the matter of the removal of mosques from the main roads?

**The Honourable Sir Alexander Muddiman:** I suggest, Sir, possibly that question does not arise. But I can assure my Honourable friend that Government, neither in the past nor in the future, are likely to take any action in the manner suggested.

**Mr. K. Ahmed:** In view of the fact that the Government of India have been sitting over this matter for more than a year now, do they propose to take any steps to put an end to this matter in order to restore peace and tranquillity in the country?

**Mr. President:** That question has been answered.

I understand that there are short notice questions by Haji Chaudhury Mohammad Ismail Khan on the same subject. Perhaps the Honourable Member will not now put those questions in view of the fact that similar questions have just been answered?

**Haji Chaudhury Mohammad Ismail Khan:** I have got a telegram from my own district, and it reads thus . . . . .

**Mr. President:** Does the Honourable Member desire to put the short notice questions that stand in his name?

**Haji Chaudhury Mohammad Ismail Khan:** Yes, Sir.

**Mr. President:** Will the Honourable Member read his questions?

**Haji Chaudhury Mohammad Ismail Khan:** 1. Has the attention of Government been drawn to the I. N. A. telegram regarding the death of 20 Muhammadans and wounding of 40 as a result of firing at Backergunj?

2. Will the Government be pleased to make a statement as to the real facts of the rioting at Backergunj?

3. Will the Government be pleased to enquire as to the preventive measures taken for the prevention of the rioting?

4. Did the authorities concerned have any idea of any impending rioting on the Shivaratri day and, if so, what steps did they take to prevent such riots?

**The Honourable Sir Alexander Muddiman:** Sir, I have answered the greater part of these questions. There is the one point in 3 and 4 of the question which wants answering. I have given the House all the information I had, and it is quite evident that the authorities must have had some warning as the District Magistrate and the armed police were present on the spot.



**Mr. K. Ahmed:** What was the real fact of the riot, Sir? The question refers to that, and that is not answered.

**The Honourable Sir Alexander Muddiman:** I have already answered that, Sir.

**Raja Ghazanfar Ali Khan:** Will the Government be pleased to state whether any of the policemen present on the spot were molested by the Muhammadans?

**The Honourable Sir Alexander Muddiman:** I have already given the House all the information in my possession and I have no further information to offer.

**Raja Ghazanfar Ali Khan:** May I know whether the Government received information as to how many Muhammadans were killed and injured? If any of the police present were injured, the Government must have been informed of it.

**The Honourable Sir Alexander Muddiman:** The Honourable Member has no right to assume that I have any information about that when I have distinctly told him that I have not. I have given the House all the information I possess.

**Mr. B. Das:** Was it not a fact that this mosque before which the riot took place was built only very recently and the Local Government anticipated this riot beforehand?

**The Honourable Sir Alexander Muddiman:** I am not in a position to say, Sir, and I would suggest to the Members of this House that they should suspend judgment in this matter. They are merely drifting into a very irregular debate without the facts.

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#### UNSTARRED QUESTIONS AND ANSWERS.

##### PERMANENT EMPLOYMENT OF THE AUDIT AND ACCOUNTS STAFF OF THE GREAT INDIAN PENINSULA RAILWAY.

171. **Mr. N. M. Joshi:** (a) Is it a fact that when the Great Indian Peninsula Railway was taken over by Government in July, 1925, unlike the other departments of the railway, the services of the Audit and Accounts staff were not permanently transferred to the Government, but the staff were allowed to continue their term for a period of six months within which Government promised to settle up the administrative problems with a view to offer permanent employment to the staff after the expiry of the term?

(b) Is it a fact that after the expiry of six months, instead of offering permanency to the staff, Government gave another extension of six months?

(c) Is it a fact that the staff during the period of the second extension requested the Head of the Department to remove their anxiety about permanent employment?

(d) Is it a fact that Government did not consider the request of the staff and gave yet another extension of nine months?

(e) Will Government be pleased to state why they were not able to offer permanent employment to the staff even after one full year though they had promised to do so after the expiry of the first extension?

(f) Do Government now propose to offer permanent employment to the staff after the expiry of the present term of extension.

**The Honourable Sir Basil Blackett:** The information is being collected and will be communicated to the Honourable Member in due course.

#### DIRECTOR OF CONTRACTS.

172. **Mr. Mukhtar Singh:** Will Government be pleased to state since when the post of "Director of Contracts" has been created in the Military Department?

**Mr. G. M. Young:** The appointment of "Director of Contracts" was created on the 1st April, 1924, by the transfer of the appointment of "Controller of Contracts" which existed under the previous organisation at Army Headquarters. The latter appointment was created in 1918.

#### PURCHASE OF STORES BY THE DIRECTOR OF CONTRACTS.

173. **Mr. Mukhtar Singh:** Will the Government be pleased to state the method of purchases made for the military units or for the department in vogue before the creation of the post of the Director of Contracts? Will Government be further pleased to state the method now adopted and give in detail the points of difference in the two methods?

**Mr. G. M. Young:** The method of purchase in vogue before the creation of the post of Controller (now called Director) of Contracts was that the various departments and services purchased their requirements themselves by means of contracts or other arrangements. Under the present system, the Director of Contracts arranges for the bulk purchase of stores and supplies of an important nature under the following groups:

- (a) Food grains.
- (b) Wheat products (flour, atta, bran).
- (c) Coal and Coke.
- (d) Petrol, mineral oil, lubricants, and paints.
- (e) Miscellaneous stores—including Ordnance and Factory requirements.

The advantages of this system are that it ensures the use of the best markets to the best advantage of the State and the fostering of indigenous industries from an all-India point of view.

#### RATES AT WHICH DIFFERENT ARTICLES ARE SUPPLIED TO INDIAN AND EUROPEAN SOLDIERS AND OFFICERS.

174. **Mr. Mukhtar Singh:** Will Government be pleased to place on the table the copy of the rates at which the different articles are supplied to the Indian and European soldiers and officers serving in the Military Department?

**Mr. G. M. Young:** I will furnish the Honourable Member separately with a copy of the "Stock Book Rate List" for 1926-27.

### PROCEDURE ADOPTED FOR THE PURCHASE OF MILITARY STORES.

175. **Mr. Mukhtar Singh:** Will Government be pleased to state the procedure adopted in inviting tenders and accepting them for the purchases of articles for the Military Department?

**Mr. G. M. Young:** I invite the attention of the Honourable Member to the reply given on the 22nd September, 1924, to starred question No. 2310. The procedure indicated therein has since been modified, as a tentative measure, to this extent that tenders for the purchase of stores the estimated cost of which exceeds Rs. 5,000 are now ordinarily advertised, unless circumstances render advertising either impracticable or undesirable. This is the general principle followed by the Indian Stores Department.

### LOCATION OF MILITARY SUPPLY DEPÔTS.

176. **Mr. Mukhtar Singh:** Will Government be pleased to state the central depôts of rations wherefrom the articles of rations for the military are distributed?

**Mr. G. M. Young:** A list showing the various stations at which supply depôts are located will be furnished separately to the Honourable Member.

### MOTION FOR ADJOURNMENT.

**Mr. President:** I have received notice of a Motion for Adjournment on the subject of the riot just referred to from Haji Chaudhury Mohammad Ismail Khan. I do not know whether in view of the information already supplied by Government and in view further of the fact that there is not sufficient material before this House to raise a debate on the question with any advantage, the Honourable Member wishes to press his motion at this stage.

**Haji Chaudhury Mohammad Ismail Khan:** No, Sir, I would like, with your permission, to wait for another day till I get the information from Barisal in fuller detail and till the Government of Bengal also send full details to the Home Department. I should then like to move my motion.

**Mr. President:** I would advise the Honourable Member in the meantime to suggest to his friends in the Bengal Legislative Council to take up the matter there.

**Mr. K. Ahmed:** Sir, in view of the fact that it has become an all-India question

**Mr. President:** The Chair has given no ruling on the point of order to-day, because the Honourable Member does not wish to press his motion.

### PETITIONS RELATING TO THE CURRENCY BILL.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, with reference to a Bill entitled a Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council

certain obligations with regard to the purchase of gold and the sale of gold exchange, Bill No. I of 1927, I beg to present the following applications:—218 petitions from Ahmedabad from 2,743 persons; 33 petitions from Kaira from 1,007 persons; 11 petitions from Broach from 370 persons; 22 petitions from Surat from 370 persons; 4 petitions from Tuticorin from 15 persons; 22 petitions from Shikarpur (Sind) from 63 persons; 84 petitions from Karachi from 56 persons; 5 petitions from Delhi from 25 persons; 15 petitions from Calcutta from 66 persons; 5 petitions from Jullundur (Punjab) from 5 persons; 100 petitions from Bombay from 745 persons; 42 petitions from Agra from 148 persons; 10 petitions from Rawalpindi from 42 persons; 30 petitions from Madras from 30 persons; 8 petitions from Akola from 51 persons; 12 petitions from Panch Mahals from 181 persons. Total 568 petitions from 6,065 persons.

**Mr. President:** All these petitions will be considered by the Petitions Committee this evening when it meets.

**Sir Purshotamdas Thakurdas:** Thank you, Sir.

#### GENERAL DISCUSSION OF THE BUDGET—PART II—*contd.*

**Mr. President:** The House will now resume the General Discussion of the Budget (General).

The time limit for to-day's speeches will be the same, namely, twenty minutes for each speaker.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, once again our Finance Member has been fortunate in being able to put before this House an estimated surplus, and once more he has been able to confirm that his forecasts of the previous year have turned out on the right side. I expected that he would have, as he has had, assailants who would claim that a realised surplus necessarily implies over-budgeting and over-estimating. I am not one of those, Sir, because, having been trained as a business man, I was taught to err, if err I must, on the safe side, and I think no one can reasonably complain that there is any error worth mentioning in a budget which estimated for a surplus of  $1\frac{1}{2}$  per cent. on the expenditure out of the central revenues and actually turned out a surplus of  $2\frac{1}{2}$  per cent.

Sir, I think this House owes a very great debt of gratitude to Sir Basil Blackett for the work he has done for this country. From the very first, he has made it absolutely plain that one of the goals of his ambition was to abolish the provincial contributions and in doing so, Sir, this year, (though one year still remains in doubt) he has taken a risk and I wish him every luck with the risk he has taken, I congratulate him upon it and I hope that his hopes will be fully justified.

Sir, the question of retrospect and forecast is always a matter of considerable interest. The year past has not been a good one for the railways, for the coal trade, for Bombay cotton, for shipping, nor any form of transport that I can think of. Until there is some improvement in the Bombay cotton industry it will be idle to look for any great improvement in other industries in Bombay, as confidence there in the main depends upon the principal industry, which is cotton. True, I believe, there have lately been signs of some improvement, and we must all hope that they will be more than realised at a very early date.

[Sir Walter Willson.]

Sir Basil Blackett has been able to point to certain beneficial reductions which he has been able to make in such things as the motor car duty, but out of the surpluses realised in the last four years, I want to direct his attention to the fact that the only commercial interests that he has been able to benefit in that time are the cotton industry of Bombay, in the abolition of the excise duty, the reduction of the excise duty on motor spirit, the reduction of the salt duty to 1/4; and now hides are to get an exemption, also motor cars and tyres a reduction, in addition, of course, to the abolition of stamp duties on demand bills of exchange. Sir, we have always pressed for the reduction of the duty on motor cars and tyres but we have never been heard to say that we did it on any other grounds than commercial grounds. It was not with a view to protecting the interests of the rich man, as really a difference of 10 per cent. on the import duty on his motor car is not a very serious matter either way. But we have pressed for this reduction because we believe with Sir Basil Blackett that any tax upon transport is a bad tax and that the development of the country requires that transport should be encouraged in every possible direction. We believe that improvement in motor transport will enormously add to the earnings of the railways and to the marketing of the poor man's produce. Those who, like myself, may have travelled round India very extensively by motor car within the last six months could not have failed to notice with the greatest possible satisfaction the enormous number of motor buses plying over very long distances carrying the poor man and his luggage.

Sir, we have naturally been looking for relief in respect of some other taxes and duties which fall very heavily upon trade. I refer in the first place to the double super-tax upon companies which is levied merely because they happen to trade in company form. No portion of the tax paid by companies is allowed to be set off when the individual himself fills in and submits his return for super-tax, which was always intended to be an individual tax. If this one concession were allowed, it would go a considerable distance towards removing the great objections I have always urged and will continue to urge in regard to this tax. After all, Sir, we are only asking for the removal of a tax which was put on as part of the aftermath of the War, in order to enable us to balance Budgets which urgently needed it. Now that they do balance, I do submit that this is a tax which should be taken off. I am perfectly well aware that the Taxation Enquiry Committee did not agree with me but I have dealt with that before, and I say that after all, when you do reach a surplus, it is surely just that undue taxes, double taxes, should be taken off before there should be any reduction of the ordinary taxes. If this tax is taken off, then I am quite sure that we should be all the more willing to vote grants for more of the beneficial services which Sir Basil Blackett has been able to find grants for and has indicated that he wants to continue to do in future. Look, Sir, at the long list of grants that were made last year. 6½ lakhs for Indian Research, 1 lakh for education in the North-West Frontier Province, a non-recurring grant of 1½ lakhs for a high school at Peshawar, Rs. 50,000 for the Victoria Hospital at Ajmer, Rs. 50,000 for the Eye Hospital at Delhi, Rs. 4,00,000 to Universities and so on. I need not repeat them. The House knows them. And lastly a grant of Rs. 10,000 to the Delhi University, who, as far as I can make out, seem to have spent some of that money in fixing posters on the gate posts of the houses in Raisina.

Sir, the next point I wish to take is sugar. The Finance Member referred to increased proceeds from sugar duties in previous years. He forgot to mention, or he did not want to mention, that these good figures were due to the fact that at the time when the price of sugar was falling, the Government changed from an *ad valorem* basis to a specific basis, about which I made a protest at the time on the ground that it was going back upon an understanding which had been in force with the sugar trade for many years. I do not at this moment wish to say that this has done the trade any harm. I do not believe that it has and I only refer to it in the hope that similar experiments may not be made again without reference to any trades with whom understandings have been in force for a number of years.

The mention of sugar, Sir, brings me to a loss of revenue and a loss of trade to the merchants of India which has been occasioned by the diversion of imports of sugar from the natural port of Bombay to the Kathiawar coast ports. The Finance Member's anticipation this year of some reduction in the imports of sugar will, I am afraid, be realised unless this matter receives his early attention. I understand that the history of the matter is that the Government in the year 1923 disallowed transshipments of sugar from Bombay to Kathiawar coast ports, but that towards the end of 1923, the transshipments were again allowed. In consequence of this, a trade has been built up at Jamnagar and Okha ports which have sufficiently deep water to enable ocean-going steamers to call there and considerable quantities of sugar are being landed at these two ports. I understand that there was an agreement between those States and the Government of India by which those States undertook to collect the same rate of duty as was levied in the ports of British India, but I have reason to fear that this agreement is being broken if not in letter at least in spirit. The information given to me is that in a certain State which perhaps it is more prudent not to mention, although the import duties are collected at the rates in force in British India, certain concessions are given in other directions which have the effect of diverting the trade and of nullifying, if not abrogating, the agreement to which I have referred. I am told that the port dues, railway freights and godown rents are not only much lower than in British ports but that financial facilities at very low rates of interest are afforded to the local merchants and I have stated what sort of effect this has upon the trade. I think perhaps it is a subject of some delicacy and I had better not go into it any further across the floor of the House. But I do ask that Government will make the closest possible inquiries into this and see that our trade is protected.

Sir, criticisms have been levelled, as I expected they would be, at the abolition of the export duty on hides. But, Sir, it is an economic proposition that an export duty is a bad tax and while I fully expected my friend from Madras to object to it, I can assure the House that though the Chambers of Commerce at Madras agree with my Honourable friend here

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): And Sir Gordon Fraser.

**Sir Walter Wilson**: I said, Sir, the Chambers of Commerce at Madras agree with my Honourable friend. So, I see no reason why he should

[Sir Walter Willson.]

interrupt me. And he is supported by the Chamber at Cocanada and at my friend Mr. Chetty's Coimbatore. The only other major Chamber of Commerce in India that opposes the withdrawal of the duty on hides is the Chamber at Cawnpore. All the remaining Chambers of Commerce welcome the abolition of the export duty on hides.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Excluding the Indian Merchants' Chamber, Bombay, who oppose it very strongly.

**Sir Walter Willson**: Sir, I hope that the removal of the export duty on skins will follow in due course. The Finance Member indicates, as I read the budget speech, that financial considerations have prevented him from doing this this year.

The next duty to which I wish to refer is the abolition of the export duty on tea. When the Honourable Member was making his speech I said, "Hear, hear," lustily when I heard of the abolition of the export duty on tea, but I was inclined afterwards to think that I might have said that at the wrong place and applauded a little before my time. I do really welcome and heartily approve of the abolition of export duty on tea. At the same time, I am bound to say that I do not relish the idea that for the removal of a tax, which is admittedly obnoxious in principle, the cost of it should fall upon the interests who paid it before it was removed. It seems to me that it is rather a case of taking back with one hand what you give with the other. But as a Resolution is to be moved in this House at a later date to give effect to these proposals I need say no more upon them at the present time.

The next matter that I wish to urge upon the Finance Member is my regret that the Budget presents no feature for the Setting off of Business Losses. This has been urged throughout the whole country for many years and I believe that there is no Chamber—even the Indian Chamber at Bombay—that is not entirely at one with me in pressing for the right of setting off the business losses of one year against the profits of another. The State shares in the profits and prosperity of all businesses. It is a sort of sleeping partner and it is only right that it should, if it never has to pay a share of the losses, at least allow them to be set off against the profits of a good year.

The Budget has generally been welcomed by commercial opinion all over the country. Naturally, the provincial contributions had to have first knock at the surplus, but now that the provincial contributions are past, I hope for ever, we shall look forward to an early removal of some of the defects to which I have referred.

I would like to conclude with a few words in connection with the Military Budget. Commercial opinion is constant on this one point, that the maintenance of an efficient army is absolutely essential to every interest in India. Commercial bodies are willing to pay their share of the taxation in order to maintain the army in a first rate condition. But we do require that the closest possible supervision shall be exercised upon the expenditure. In plain language, it is this, that whilst we are prepared to pay any reasonable bill and regard it in the form of an insurance premium, and excellent value at that, we are not prepared to give the army,

the Commander-in-Chief, a blank cheque to spend in any manner that he may approve. With these words I again congratulate the Honourable Sir Basil Blackett upon the excellent Budget that he has been able to put before us.

**Mr. P. B. Haigh** (Bombay: Nominated Official): Mr. President, it is with great diffidence and indeed not a little trepidation that I venture to rise to make my first speech in this House. After listening to the wealth of imagery and the variety of literary allusion that poured from the Benches immediately opposite to me yesterday, I feel painfully conscious of the poverty of my own language, and therefore, Sir, I venture to try and derive a little inspiration from the perusal of a play of Shakespeare. I refer to Julius Caesar. It seems to me that the Honourable the Finance Member, if he will allow me to say so, is this morning somewhat in the position of Caesar's corpse. He is stretched on the bier, and the Honourable Members opposite come to bury Caesar and certainly not to praise him. Well, Sir, I too come humbly to speak at Caesar's funeral. I am no orator as my Honourable friend Mr. Gaya Prasad Singh is; I only come to speak what I do know. I was one of those who had the privilege of being in the House when the Honourable the Finance Member introduced his first Budget 5 years ago, and naturally it is a matter of interest to one emerging from the Cimmerian darkness of the provinces to see how he has prospered. To go back to Shakespeare, I think we may safely say that the Finance Member has been our friend, faithful and just to us. But Sir Hari Singh Gour says he is extravagant and Sir Hari Singh Gour is an Honourable Member. The Noble Jannadas has told us that Sir Basil Blackett is but plausible. Well, Sir, is this really true after all? The Finance Member has brought five Budgets home to Delhi whose surpluses have the general coffers filled. Is this all plausibility? When the poor provinces have cried, the Honourable the Finance Member has wept. He has wept on this occasion solid tears for which I think we ought to be duly grateful. Mr. Jannadas says he is but plausible, and Mr. Jannadas is an Honourable Member. (*Some Honourable Members: "Louder please."*)

Sir, I cannot really think that the Honourable Members who have attacked the Honourable the Finance Member quite indiscriminately can really be speaking seriously. He has been accused of such a variety of sins—of which I have noted a few. He has been accused of collecting windfalls by deliberately underestimating. Mr. Jannadas has accused him of constantly overestimating a constantly diminishing revenue. He has been accused of wasting the country's resources by crores of rupees and at the same time of extravagantly providing for the redemption of our debt. Well, Sir, if we can draw a parallel between public and private finances, I for one would be very glad if I could be wasting my resources and at the same time providing for a redemption of my debts. The Honourable the Finance Member has so many solid achievements to his credit in the last few years that we cannot take these exaggerations really seriously. He has reduced the salt tax. He has reduced the large Military Budget. He has abolished the cotton excise duty. He has raised our credit which is hardly an indication that the world at large thinks that our resources are being shattered; and finally he has, I hope for ever, abolished the provincial contributions.



[Mr. P. B. Haigh.]

Well, Sir, these provincial contributions, as the House well knows, were formerly a subject for mutual recrimination among the representatives of the different provinces. When they came up that was the time when the nominated official representatives from the provinces really had their field day. The whole resources of zoology were exhausted by Honourable Members in describing each other and their provinces. We had references to milch cows, we had reference to toads and harrows, sponges and octopuses and I know not what. (*An Honourable Member: "Nightmare."*) Four years ago it was my privilege to engage in a passage of arms with an Honourable Member from Madras who occupied the seat which is now occupied by my Honourable friend, Sir George Paddison. But, unfortunately, I committed the indiscretion on that occasion of speaking first, and Mr. Moir who followed me was able by what I can only regard as a most unjustifiable misinterpretation of my remarks to achieve possibly a verbal victory and I have been looking forward for the last four years to get a bit of my own back. I am afraid the time has gone. To-day these recriminations are at an end. The tiger of Bengal to-day is lying down beside the milch cow of Madras and the shorn lamb of Bombay; the rhinoceros of Assam recently invented by the architect of this building swells the chorus of praise: and the magician responsible for this unusual harmony is the Honourable the Finance Member.

Speaking for my own province, I must say with great sincerity that we must be grateful for the arrangements which the Honourable the Finance Member has been able to make in this year's Budget to abolish our contribution: and in addition Bombay must be grateful for the gift of 26 lakhs of rupees to take effect in the present year. We must remember that the Honourable the Finance Member has recognised the special difficulties of Bombay at this moment and has treated us with consideration and we take it as an earnest of his good will and an indication not only of his beneficence for the present but of his good intentions for the future. Because, Sir, no provincial representative from Bombay can ever make a speech about the Budget without some reference to the Meston Settlement and I confess, Sir, that there is one passage in the Finance Member's speech which made me feel a little uneasy. It is in paragraph 37 of the speech:

"Once the provincial contributions have been extinguished, we shall find ourselves in a freer atmosphere in which we can consider the question of taxation entirely or almost entirely from the standpoint of the Central Administration."

I hope, Sir, that that was an error and that when the provincial contributions have been finally abolished the Finance Member will consider the question of taxation not merely from the standpoint of the Central Administration but from that of the interests of the country as a whole and of the individual provinces that form the country. I am encouraged to believe that his intentions are better than those that are expressed in the passage I have just read. I have here, Sir, his speech made on the 19th August, 1926, in which he dealt at length with the question of taxation. The speech is a long one and I will not weary the House by reading it *in extenso* but there are just two passages which I should like to quote and

I do so because I wish to impress them again on the mind of the Finance Member for fear he should be tempted to forget them. He said:

“If we are to approach the question of improving the Meston Settlement with any reasonable hope of success, we must begin with the proposition that the Meston Settlement is the only possible starting point and our object is to amend it and not to replace it.”

We are thankful for the prospect even of its amendment and later on there is another passage which gives even more hope to Bombay and the industrial provinces generally.

“There can be no question of the Central Government's surrendering the taxation of income to the Provinces altogether and the Central Government must retain the monopoly of the right to impose income taxes. But there are strong arguments for giving the Provinces a share of the proceeds.”

Well, Sir, I do not wish to labour this point. It is ungenerous to look a gift horse in the mouth and I do not wish, like Oliver Twist, to be always asking for more. But I hope that the Honourable the Finance Member will not forget that as long as the Meston Settlement remains unrevised the question of Bombay finances can never be considered as really settled.

Sir, before the Honourable the Finance Member turned his steps to the Treasury and finance, he was a classical scholar; and he is still a classical scholar. Unlike his colleague on the Front Bench, he cannot be accused of having deserted his first love. May I remind them—I ask the House to pardon me if they are not familiar with it, but I wish to impress it on the mind of the Finance Member—may I remind him of the exploits of an unpleasant individual, a noted bandit, who figured in the neighbourhood of Athens—I do not know how many years ago B. C. and who rejoiced in the name of Procrustes. This amiable gentleman was provided with a number of boxes and when he captured an unfortunate traveller he put him in a box and if he did not fit the box he lopped off his limbs and put him into it. That is exactly what the Meston Committee have done to the unfortunate provinces. They came out with a cut and dried scheme—their beautiful boxes—and they made the provinces go in. They took Bombay. They lopped off its income-tax and pushed it in. Then they found that Bombay was too short and they took its two remaining limbs, the land revenue and the excise revenue, and with cruel ingenuity they elongated them in their imagination until they fitted the scheme and pulled them out to a length which they did not really possess and then said, “You now fit our scheme”. Sir, Procrustes came to a bad end. I hope that the Honourable the Finance Member will play the part of Theseus and tumble this new Procrustes one day over the Skyronian rocks. May I borrow the phrase of one of my Honourable friends opposite—I fear he is not here to-day—and say that we hope that the abolition of the provincial contributions is the thin end of a wedge against which the Honourable the Finance Member will not set his face. Or shall I borrow another metaphor from another Honourable Member and say, the Meston Settlement, like the provincial contributions, is a millstone round our necks. Having abolished the upper millstone of provincial contributions, will he now turn to abolish the nether millstone of the Meston Settlement—this millstone which poisons our relations? (Laughter). I ask the Honourable Member to take away the nether millstone also and fling it into depths of the sea.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, if my Honourable friend the Chief Whip of the Government would permit me to do so, I would like to congratulate him on the very excellent speech which he has just now made. After listening to his wealth of imagery and poetry, I feel rather nervous to deviate into prose. I would begin the few remarks that I propose to make at this stage by saying a word about the customary form of presentation of the budget figures, a subject which has been referred to in paragraph 12 of the speech of the Honourable the Finance Member. The only merit of the present system of presenting the budget figures lies in its long usage, for in every other respect, I am constrained to state, it is highly perplexing, if not grossly misleading. Honourable Members will realize the force of my remark if they turn to the Budget and revised figures for the year 1926-27. The budget estimate of revenue for 1926-27 is 130.43 crores of rupees, and the revised figures are 130.25 crores. The natural inference which any person who glances through the budget figures would draw is that there has been a slight fall of about 18 lakhs of rupees on the revenue side. But a reference to the budget speech of the Honourable the Finance Member would disclose that actually revenue has been better by about 2 crores of rupees. This form of presentation, I maintain, is very perplexing and misleading. The Honourable the Finance Member has pointed out the reason which brings about this strange result. The inclusion of the railway figures of revenue and expenditure in the General Budget is a feature which is responsible for this confusion and perplexity. On the revenue side we find the figure of 35 crores of rupees as net receipts from the railways, and on the expenditure side we find a corresponding item of over 30 crores of rupees. Now a variation in these huge figures, for which general finances cannot be held to be responsible, introduces an element of uncertainty and perplexity which I think ought to be removed; and I would suggest to the Honourable the Finance Member the advisability of altogether omitting these figures from future Budgets and giving to us only the net contribution which the railways are making to the general revenues. Looking over the Government of India Act, and the rules made thereunder, I cannot see that there is any statutory objection to the Finance Member following this course. According to the rules made under the Government of India Act, the Budget can be presented to this House in any form which the Finance Member deems proper, and I would suggest to him, Sir, that it would add considerably to the elucidation, not merely of the Railway Budget but of the General Budget as well, if these two are kept apart. We have always sung the praises of the effects that followed from the separation of railway from general finances, but unfortunately, in spite of the separation, the form of our General Budget has not in the least improved. In this connection I would like to suggest to the Honourable the Finance Member the advisability of opening up a Railway Loans Fund in the same way as he has started a Provincial Loans Fund. Sir, I welcome and appreciate the advantage resulting from the system of keeping a Provincial Loans Fund; and I put it to him whether it would not clarify our general financial position if, instead of showing the railway capital expenditure as a part of the general revenues and expenditure of the country, it would not be more advisable to debit that item to a separate fund which might be called the Railway Loans Fund. The interest which railways pay might be credited to that fund and all advances made by the Government of India might be debited to that fund. If this system is followed we might per-

haps in the not very distant future evolve a state of things in which the railway administration of our country might be able to borrow on the credit of this Railway Loans Fund itself. If that can be brought about it would be a very desirable state of affairs indeed.

The Honourable the Finance Member has been congratulated from the various quarters of the House on the four successive surplus budgets that he has presented to us. Sir, surplus like all good things in the world must be enjoyed in moderation, and whether a surplus in a budget is for the good of the country or to the detriment of the country depends upon the uses to which those surpluses are put. If the surpluses of the country are to be utilized either for giving relief to the general tax-payer or in spending upon the nation-building services, then no doubt surpluses would be a very welcome feature in the Budget. But if surpluses are simply to be realized surpluses going into that huge machine of the Honourable the Finance Member which is set apart for the reduction or avoidance of debt, then I for one cannot congratulate the Honourable Member on the surpluses that he has realized during the past four years. Let us for a moment review his surpluses for the last four years. In 1923-24 there was a realized surplus of 2.89 crores of rupees. But I should say that the actual surplus of that year was 6½ crores of rupees, because the Honourable the Finance Member in that year wrote off 3.41 crores of rupees which he was keeping in a suspense account. This money had been lent to the Persian Government and has been mercilessly written off the accounts of 1923-24. A further sum of 83 lakhs of rupees, which was the discount on the 1923 loan, was written off the accounts of 1923-24. In this connection may I ask the Honourable the Finance Member to tell this House whether any steps have been taken at all to recover the 3½ crores of rupees that we had lent to the Persian Government. In spite of the surplus of 6½ crores of rupees that the Budget of 1923-24 revealed, it was in that year that the Honourable the Finance Member advised His Excellency the Viceroy to certify the doubling of the salt tax.

**The Honourable Sir Basil Blackett** (Finance Member): On what does the Honourable Member base that statement—the advice I gave?

**Mr. B. K. Shanmukham Chetty**: Well, Sir, if I am to understand that the Viceroy certified the doubling of the salt tax on his own responsibility I can certainly sympathise with the powerlessness of the Honourable the Finance Member. But I at any rate thought that he had a greater voice in managing the finances of the country than he is prepared to give himself credit for. In 1924-25 there was a budgeted surplus of 18½ lakhs and yet the realized surplus was 568.26 lakhs. In that year we expected that some relief might be given to the provinces, but no relief was forthcoming. In 1925-26 the budget surplus was 24.19 lakhs and the realized surplus was 331.18 lakhs, and yet the relief that was given to the provinces was only 2½ crores of rupees. In the Budget for 1926-27 the surplus was 5 lakhs and the realized surplus 310 lakhs. During the three years from 1923-24 therefore about 11½ crores of realized surplus have been applied to the reduction or avoidance of debt. I maintain, Sir, that taking away this huge sum from the revenues of the country and setting it apart for the reduction or avoidance of debt in addition to the permanent provision that is made for a sinking fund is a matter on which this House cannot congratulate the Finance Member. The huge realized surplus means one of two things: it means either that the Finance Member collected more taxes

[Mr. R. K. Shanmukham Chetty.]

than what was essential, or that he starved the nation-building services. Speaking on a previous occasion I drew the attention of the Finance Member to a passage in a very ancient Hindu treatise, "Arthasastra". The great author of that treatise, in discussing the duties and liabilities of a Finance Minister, observed that if the Finance Minister collected from the people more revenue than what was essential for the requirements of the King, he ought to be punished by having his nose cut off (Laughter), and I would ask my Honourable friend to realize what would have been the fate of his handsome face if he had lived in the days of Chanakya. Sir, reviewing the position of the Budget for the last three years, I find there is a grim humour in the opening words of Sir Basil Blackett where he says, "looking backwards brings little solace to a new Assembly". Certainly, looking backwards at these huge realized surpluses brings little solace even to an old Member of a new Assembly. In this connection my Honourable friend, Mr. Shankar Rau, thought it his duty to justify his position as a Budget Officer. I would not attempt to answer his arguments, because if I were to do so, I would be deviating from that healthy and well-recognized parliamentary practice that the permanent officials of the Government are beyond the criticism of the Legislature. Sir, we realize the devoted service of those men who sit behind the screens. When we criticize the Budget it is the Finance Member who is responsible for his policy to this House and not the devoted band of public servants of which my Honourable friend, Mr. Shankar Rau, is such a worthy representative. I would therefore leave it at that.

There is at least one point on which I might congratulate the Honourable the Finance Member, and that is the very skilful way in which he has managed his ways and means Budget. In 1926-27, with just a loan of Rs. 26 crores, he discharged a debt of 37 crores and financed the huge programme of that year. In 1927-28, with a loan of 27 crores, he proposes to discharge 18 crores of debt and finance the capital programme for the coming year. But I think in justice to this House he ought to have given us some indication of the various factors which enabled him to achieve this magnificent result. He might have told us that he had during the last three years a realized surplus of Rs. 12 crores, that he had in the sinking fund about Rs. 14 crores, that he had at his disposal the railway reserve fund and depreciation fund of Rs. 13 crores, and that he has reduced the cash balance to Rs. 20 crores. In this matter of the reduction of cash balances I should unreservedly congratulate the Honourable the Finance Member. Sir, it has always been the complaint of Indian financiers and politicians that the Government of India was keeping unduly large sums in their cash balances especially in England. In 1924-25 the cash balances were 31.73 crores in India, and 13.51 crores in England. In 1925-26 they were 25.14 crores in India and 15 crores in England. In 1926-27 they were 24.73 crores in India and 5.24 crores in England, and in 1927-28 the budget figures are 14.69 crores in India and 5 crores in England. This matter of the cash balances of the Government of India was brought to the notice of even the Chamberlain Commission, but the recommendations that they made could not be put into effect as a result of the abnormal circumstances that followed. As I have said, I must congratulate the Finance Member for having reduced the cash balances held in England from 15 crores to 5 crores. In this connection, I would draw the attention of my Honourable friend and this House to a statement of

Professor Keynes, a person who is not a very unsympathetic critic of the Government of India. He says:

"If the Government of India holds in London a penny more than is required for the stability of their financial system, they are certainly diverting resources from India, where they are greatly required, to the detriment of India's trade."

I do sincerely hope that the laudable step that the Honourable Member has taken in this direction will be maintained in future also.

Sir, my Honourable friend, Mr. Birla, and my Honourable friend, Sir Victor Sassoon, drew attention to the very interesting Memorandum about the ratio. I do not propose to anticipate the discussion that we are going to have very shortly. My Honourable friend, Mr. Birla, pointed out how by the manipulation of the currency and by the appreciating of the rupee the Finance Member has actually been spending from year to year more money and not less money. But the courtesy of a friend I have got figures in which the expenses of each of the years have been converted into gold according to the prevailing rate of exchange at the time. In 1924-25 the expenses in rupees of the Government of India were 129.91 crores. Turned into gold at the prevailing rate of exchange they were £78,824 millions. In 1926-27, the expenses of the Government of India were practically the same in rupees as they were in 1924-25, that is, about Rs. 130 crores, but converted into gold at the prevailing rate of exchange, these were £98,461 millions. The expenses have therefore been increased by £20 millions.

**The Honourable Sir Basil Blackett:** May I ask what is the rate of exchange taken for 1925-26 and 1926-27?

**Mr. R. K. Shanmukham Obetty:** For 1924-25 exchange has been taken at 1s. 2  $\frac{9}{16}$  d. gold, for 1925-26, 1s. 5  $\frac{17}{32}$  d., and for 1926-27, 1s. 6  $\frac{1}{8}$  d.

Well, if my figures are wrong (*Sir Purshotamdas Thakurdas*: "They are quite correct, they are taken from Government records.")—very well. The Honourable the Finance Member has therefore been spending more money, and he has been enabled to do that by an artificial appreciation of the currency; and this is the price that we are called upon to pay for the prospective Romance which the provinces will enjoy in coming years. Sir, though I am keenly alive to the undoubted relief to my province in the shape of the remission of provincial contributions, yet, speaking with a full sense of responsibility that attaches to me, I make bold to say on the floor of the House that, if the remission to my province is to be purchased at the cost of a permanent injury to our monetary system, I for one refuse to be a party to any such nefarious transaction. Sir, there might be people who are allured by the solid advantage of hard cash, but I decline to accept a parochial advantage of a suspicious kind bought at a sacrifice, the effects of which will be seriously felt in an agricultural province like Madras; and I have no doubt that the remission given under such conditions will injure alike him that giveth and him that taketh.

**Sir Purshotamdas Thakurdas:** Sir, I am glad that my Honourable friend Mr. Haigh, who is nominated by the Governor General in Council to this Assembly to represent the Government of Bombay, has in a happy speech so handsomely expressed the opinion of the Government of Bombay regarding the remission that is to fall to the lot of Bombay as

[Sir Purshotamdas Thakurdas.]

a result of this Budget. I am sure that Mr. Haigh has carried out his duty faithfully and truly. If my Honourable friend had only stopped there, I would not have to proceed further; but he thought it a part of his duty also to criticise some of my stalwart friends on this side of the House who tried to the best of their knowledge, information and ability to carry out their duty. He twitted my. . . .

**Mr. P. B. Haigh:** Sir, I do not quite follow. Does the Honourable Member accuse me of having accused Honourable Members on the opposite side of not having done their duty?

**Sir Purshotamdas Thakurdas:** Of having criticised them, Sir, I said, and I am sure my Honourable friend cannot say that he did not criticise them. Sir, the only difference between the two sides of the House is this. We on this side of the House owe allegiance to our constituencies and have been elected by them in order that we may carry out our duty to them. Members on the other side of the House, Sir, are nominated under a certain discipline and have to carry out their part of the duty. It has surprised many of us on this side as to why we should differ from so many Members on the other side whom we know in the lobby and elsewhere as honourable men. The difference, Sir, between the outlook of Members on this side of the House and on the other side of the House is due to our different mentalities. And whilst each side tries to carry out its duty, we content ourselves with the consolation that we know Mr. Haigh to be an Honourable nominated Member of this House.

My duty, Sir, to my country, my constituency and my countrymen compels me to criticise this Budget on a few points. I believe, and it is an irony of fate, that in the remissions of taxation which the Honourable the Finance Member has been able to put forward in the Budget, he does not please the persons likely to be favourably affected by such remission. It remains to be seen whether even the successor of Sir Basil Blackett will bless him after a year or two if the policy now intended is carried through. Sir, one of the remissions of taxation is removal of export duty on hides. This is to cost Government Rs. 9 lakhs this year. The Honourable Member, I am sure, has not forgotten that when the export duty on hides was decreased, the Indian commercial community, and particularly the Association in Madras interested in the hide export trade, protested against it. Government now, Sir, propose to complete the remission, and here at any rate, there is no question of gratitude for the remission of taxation. It is a question of very strong protest. As I propose to move an amendment to the Finance Bill against this, I leave this point at this stage now. The next important remission of taxation is the remission of export duty on tea. I do not know, Sir, whether my Honourable friend Mr. Chalmers, who represents that industry in this House, looks upon this as a concession or not; but it strikes me, Sir, that if it is a question of giving something up in order to gain something more, as a Member of this House I would not object to it, provided the Finance Member is able to convince the House that the income-tax which he proposes to increase on the tea industry is justifiable and will not mean injustice to the tea industry. Regarding, Sir, the decrease of import duty on motor cars, I am afraid I cannot agree with my Honourable friend Colonel Crawford, who sees so many good points about it. I myself stand directly to benefit by this decrease, as it is my intention, within the



next few months, to buy a motor car, but the question that this House has to consider is whether the remission which is intended to be given in this connection will really benefit the country. I know that the Finance Member said that he expected that this concession which is given by the Central Government may be used as a reason for taxation on motor cars by Provincial Governments, for the purpose of better upkeep of roads in the provinces. But is there any certainty of this? No such condition, I understand, is going to be put on. As many provinces complain of depression of trade and consequent deficits in their Budgets, it is possible that it may be devoted, Sir, to make up for some of the deficit budgets there.

Regarding provincial contributions, I do not, Sir, at all congratulate either the giver or the taker of this. I do not congratulate the taker because I believe that these contributions are being given as a result of a policy which has taken from each of the provinces and their agriculturists 10, 15 and 20 times more than what is now being offered to them. The policy, Sir, has been a policy which Mr. Gladstone called the argument and law of force. But as this matter is to come up early next week, I do not wish to elaborate further on it. What I say is that any province which runs away with the idea that it is being given a gift by the Government of India is labouring under a very sad and very wrong impression. The Government of India by their currency policy have taken from the agriculturists of India during the last two years crores upon crores of rupees and are now returning to them a paltry crore or even less for which I should not be surprised if those who understood the problem refused to show gratitude.

There is one more observation which I heard the other day from His Excellency the Commander-in-Chief. I do not wish, Sir, to spend any time to-day regarding what fell from His Excellency's lips. All that I will say is that it is very disappointing to me in particular that His Excellency feels or rather is convinced that the military expenditure cannot be put down below Rs. 54 crores and is likely to go up. What fell from my Honourable friend Colonel Crawford, namely, that he thought that the military services were being starved, is equally amazing to me. But I expect to be able to put forward my views on this question on Demands for Grants for the Military Department later, and I therefore do not propose to spend any more time on this here.

The Honourable the Finance Member, Sir, referred to the romance which lay behind the Rs. 5.45 crores—and he used the words—"in the hands of Ministers." May I ask him if he is going to stipulate that these Rs. 5.45 crores or a part of it will not go into the hands of the Reserved Departments. Obviously, he cannot stipulate that. I submit that in order to give a correct idea of the hands to which this money go, he might have made the description of same more accurate. I do not mind this money going to the Reserved Departments, because the Reserved Departments have to be fully satisfied before the Transferred Departments come in for anything and the more money there is, perhaps a little more may fall to the lot of the Transferred Departments. But to say that Rs. 5.45 crores will go to the Transferred Departments is to my mind a little wide of the mark. But, Sir, for these 5.45 crores, what is the price which the Finance Member has already taken and wishes to continue to take for what he says he is giving to the provinces now? Estimates have been put forward, and I am aware that the Finance



[Sir Purshotamdas Thakurdas.]

Member has challenged them, that he has taken 40 crores per year out of the agriculturists owing to the 12½ per cent. reduction in their receipts on exports alone. I will only quote to him Sir David Barbour, who was Secretary in the Finance Department and later on an Honourable Member of the Viceroy's Executive Council, that just as much as the Government of India gain by the appreciation of the rupee, there is just so much loss to the people. For the next year the Government of India gain Rs. 5·27 crores or thereabout. If, on the authority of Sir David Barbour, it is agreed that Rs. 5·27 crores come out of the pockets of the country and the people, I ask the Finance Member to consider what tragedy lies behind Rs. 5·27 crores admitted loss to the grower. I can easily imagine what benefits accrue out of Rs. 68 lakhs in 5 years when 600 schools with 30,000 boys come to be. What misery lies behind Rs. 5·27 crores (not to mention the figure of Rs. 4·1 crores) which are to be pilfered from the pockets of the grower. What is the use of teaching children if their stomachs are hungry or semi-hungry? If there is romance behind the picture drawn by the Finance Member, there is romance behind the tragedy of those affected by the Finance Member's policy. It is not a matter for smiles and laughter, but it would be a matter for tears and disgrace to this side of the House if the policy is confirmed by the House.

In this manner, Sir, an invisible income has been created for the Finance Member. If we condone his policy it will mean, when there is a deficit again, say owing to military expenditure due to the Chinese campaign, or a Bolshevist bogey on the Frontier, or any other Imperial or local cause, the only thing to do will be to screw up the value of the rupee from 1s. 6d. to 1s. 7d. or 1s. 8d. and a large invisible gain will be secured. It will not be necessary to adopt the ordinary means of fresh taxation and it will still be possible to boast of a balanced budget. I wonder, Sir, if this House can possibly be a party to a policy like this. I am surprised at those who to-day come forward with their garlands and offer congratulations to the Finance Member. To my friends on the other side who restrict themselves to their bare duty I bow in all deference, but when they proceed further and venture to criticise us on this side of the House, us, who under difficulties are trying to carry out what we think is our sacred duty to our motherland and our poor illiterate countrymen—it is not a matter for smiles but a matter for shame. I say that our people are being despoiled, and the Finance Member cannot possibly enjoy that. May I, Sir, ask in all seriousness, do my friends on the other side think what they would do if they were citizens of India, if this was their motherland, and if they were not restricted by the discipline of their nomination to which they owe their seats here? Let us, Sir, differ if we must because of the constitution under which we are working, but let us not have attacks from the other side which the Members there cannot as man to man feel that they are justified before their God in making.

**The Honourable Sir Basil Blackett:** Why not?

**Sir Purshotamdas Thakurdas:** Oh! I see. If the Finance Member says that he approves of those who sit behind him attacking us, even though in their own country those Members would take another attitude, I have nothing more to say. Then the question will be, are they honourable men or are they Honourable nominated Members?

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): You will suffer from headache.

**Sir Purshotamdas Thakurdas**: Sir, the main burden of the Budget presented to us and the main complaints in the various Budgets which I have read from the various provincial Councils has one outstanding feature, and that is depression of trade all over. The Finance Member either of Bengal or of Bombay or of Madras or Assam have all complained of deficits in their Budgets or less surplus of revenue. My Honourable friend over there, the Finance Member, picks up the latest news about it from the Stock Exchange of Bombay. I am glad that some things in Bombay at least are useful to him. I wish that he would always be able to fall back upon the Stock Exchange of Bombay in future, and that he will not change his likes and loves quite so easily and at times in a manner difficult for some to understand. But I have, Sir, here an equally up-to-date publication. I have the speech of the Right Honourable R. M'Kenna, Chairman of the London Joint City and Midland Bank Limited, a person who I dare say is closely known to the Honourable Finance Member. Speaking at the general meeting of that bank on the 28th January, 1927, the Right Honourable gentleman went into rather elaborate details of money and volume of trade, and whilst I have not the time to-day to put this in full before the House owing to the time limit, I propose next week to give this in full. I wish to bring out just this part where the Right Honourable gentleman makes out a difference between inflation and deflation. He refers to the inflation in America and says it is not inflation at all because in America the production in basic industries went up from 85 index number in 1922 to 120 in 1926, and the wholesale-price index number went up from 148 in November 1922 to 152 in November 1926, and he comes to the conclusion that the addition of currency in America during that period cannot be called inflation. I wish to ask the Finance Member how he justifies the deflation of currency in India to the extent of Rs. 30 crores during the last eleven months which he has made till now. What are the figures of production and of prices which justify him in having done what I consider to be one of the lasting injuries to Indian trade this year? If his reply is that no such statistics are available in India, I ask him whether he cannot rightly be charged with having done this deliberately in order to see his 1s. 6d. stand on its very weak legs and for what I call the purpose of prestige. Sir, I may read, with your permission, just about 10 lines from this. Mr. M'Kenna says:

“Now let me take another case, drawn from our own experience, in which without any actual restriction of credit the basic circumstances are such as to make our condition one of continuous deflation.

For close upon seven years we have had an army of unemployed in this country, never less than a million, at one time over two millions, and at present nearly a million and a half. Every year the normal growth of population adds roughly two hundred thousand to the number of our people capable of productive labour of one kind or another. In order fully to occupy our people an immediate increase of banking credit, that is of money, is indispensable for carrying the larger volume of commodities which the unemployed and the new recruits to labour will produce. To check the growth of credit when the population is steadily increasing and vast numbers of men and women are out of employment is obviously to cut off all hope of trade expansion unless prices are continuously lowered. But we all know what falling prices mean to trade in these conditions. They spell stagnation, from which the sole means of recovery is a reduction in wages. It may be true that with falling prices the reduction would be in nominal more than in real wages, but I think our experience

[Sir Purshotamdas Thakurdas.]

has taught us sufficiently the difficulty of effecting any reduction at all, and that what actually ensues when the volume of money decreases is long-continued trade depression. Stationary or even insufficiently expanding money supplies, with a growing population struggling to find employment, represent in truth a condition of deflation."

This was the case, Sir, in England where there was no deflation at all last year as in India this year. Here from the 1st April 1926 up to date the Government of India deflated Rs. 30 crores of currency . . . . .

**Mr. President:** Order, order. I must ask the Honourable Member now to close his observations.

**Sir Purshotamdas Thakurdas:** I will close within a minute or two if I may have your permission. When I asked the Finance Member on the 16th February last a question about the total deflation of currency, he gave me figures for the contraction of the note issue. What is the good of trying to puzzle Members who cannot clearly follow it. . . . .

**The Honourable Sir Basil Blackett:** To try and enable them to follow.

**Sir Purshotamdas Thakurdas:** I see, in your way, as you want it; that has been the great point about you. (*Cries of "Order"*.)

**Mr. K. Ahmed:** Exactly the opposite; you wanted something.

**Sir Purshotamdas Thakurdas:** It is difficult for you to understand what I want, Mr. Ahmed. I ask the Honourable Member whether it is not a fact that the deflation of the currency in India this year has exceeded Rs. 30 crores, not contraction of the note issue, and what effect it will have in a country like India. Even with stationary monetary conditions the Right Honourable Mr. M'Kenna says it acts like deflation. What do you say about India? It has not been urged yet that the birthrate in India this year has decreased; or that there has been any pestilence or plague. I ask whether the Government of India cannot correctly, justifiably, be accused of having brought about virtually a crisis in commercial circles in order to carry through one of their points.

**Mr. K. Ahmed:** Not at all.

**Sir Purshotamdas Thakurdas:** I will only conclude with this. In paragraph 3 of his speech the Honourable Finance Member refers to the 7 per cent. money rate and his concluding sentence is:

"Even now, the stringency is less marked than in the winters of 1923-24 and 1924-25."

What was the condition in the winters of 1923-24 and 1924-25? I will read a few lines from a telegram from His Excellency the Viceroy to the Secretary of State, dated 8th October, 1924:

"It is now beginning to be realised generally that the stringency in the market is the direct outcome of Government action in contracting currency, or rather in placing strict limits on possibilities of expansion . . . . We should have difficulty in refusing to provide more generously for additions to currency even if we wished to do so, and there is serious risk of a financial crisis if we keep the screw on too tight."

Does the Honourable the Finance Member wish conditions to get back to that, and if he does, is it not all for the purposes of the maintenance of his preconceived injurious ratio of 1s. 6d. to the rupee?

**Pandit Hirday Nath Kunzru** (Agra Division : Non-Muhammadan Rural) : While the economic and financial considerations that are involved in the Budget are undoubtedly of great importance, it seems to me that the speech of His Excellency the Commander-in-Chief, which has overshadowed the budget, requires prior consideration. In order to understand the seriousness of the remarks which His Excellency the Commander-in-Chief made yesterday, we must have some idea of the true extent of our resources in order to realise the burden placed on us by the military charges. According to the figures supplied by the Honourable the Finance Member, it appears that our revenue is equal to about Rs. 125½ crores. Now if the figures for the commercial services, that is, Railways, Irrigation, and Posts and Telegraphs, were taken net and the figures for Debt were also taken net, our resources would be decreased from Rs. 125½ crores to about Rs. 92 crores. The established military charges for the budget year amount to about Rs. 55½ crores. We thus get a percentage of about 60. That is the military charges amount to about 60 per cent. of our real resources.

His Excellency the Commander-in-Chief yesterday repeated in the main what he told this House last year. But his speech nevertheless adds appreciably to our uneasiness. It is true that Lord Rawlinson had never accepted the recommendation of the Inchcape Committee that the military expenditure should be reduced to 50 crores, and he explicitly stated in this House that, as soon as the resources of India permitted, he would ask for an increase in expenditure, including an increase in the strength of the fighting troops. But the Honourable the Finance Member, who certainly knows what the mind of the Military Department is, nevertheless gave us hope last year that the military burden would decrease. The established military charges budgeted for in the current year amounted to about 54½ crores. I am taking the established charges in order to know the true level of our expenditure, that is, the level at which military expenditure would stand without being disturbed either on account of special payments to be made because of demobilized officers or owing to adjustments to be made on account of the consumption of surplus stores. Now the Finance Member, in making his budget speech last year, when the level of established charges was about 54½ crores, said :

“ We are fortunately able to foresee considerable savings of an automatic character in our established charges in future years, as the result of the reduction of the rates of pay of the British soldier which came into effect in October, 1925. The immediate saving for 1926-27 under this head is not appreciable as the reduced rates of pay affect only new recruits, but it is estimated that, taken in conjunction with the reductions below present cost which will in due course result from the recent revision of the pay of officers in July, 1924, the savings from this source should amount to 12 lakhs in 1927-28, increasing annually to about 80 lakhs in 1930-31, and about 14 crores in 1933-34.”

Nevertheless, Sir, we find that the established charges for the budget year amount to about Rs. 55½ crores and this after taking into account all the decreases due to reductions in pay and pensionary charges which amount to about 80 lakhs. The Finance Member not content with the additional burden imposed on us by the military charges has warned us that “ only the sternest economy and the strictest vigilance can now prevent our Military Budget from showing a tendency to rise rather than to fall.” Now, he has told us in his budget speech that about Rs. 70 lakhs of the increase is due to the necessity of increased purchase and manufacture of ordnance and other stores as we cannot draw on surplus stores any more. This explanation does not seem to me to clear up the situation.

[Pandit Hirday Nath Kunzru.]

I have taken, not the net figures for the military expenditure, but the established charges, which I understand include the expenditure to be allowed for stores. If that is so, the increased expenditure on stores in the budget year can be due not to the depletion of the surplus war stores, but on account of a permanent increase in the amount of stores to be bought in future.

Sir, the Inchcape Committee did not arrive at the figure of Rs. 50 crores, as stated by His Excellency the Commander-in-Chief yesterday, by chance. On the contrary, after seriously considering the subject, it laid it down as its opinion that even this was too much and that the Government of India should make every effort to go below the figure of Rs. 50 crores. Now, if we have had economies on account of the reductions in pay and pensionary charges, on account of the fall in prices—and here I may mention that the index number has fallen from 181 in 1923 to about 146 now—we should look for a substantial decrease in future. Nevertheless His Excellency the Commander-in-Chief told us . . . .

**The Honourable Sir Basil Blackett:** I wonder if the Honourable Member will allow me to interrupt him at this point; it might save trouble later. I pointed out last year that the prices on which the army figures depend are mainly the figures for cereals and pulses and things of that sort; and it is a curious thing that while the general index number has come down, the prices of agricultural products have gone up from about 108 to about 140 during that period.

**Pandit Hirday Nath Kunzru:** I am aware of what the Finance Member has said, but even taking the cereals and pulses together it seems to me that prices stand pretty nearly at the same level or rather at a slightly lower level as the Bombay index number shows. So, there ought to be some decrease in expenditure. His Excellency the Commander-in-Chief told us yesterday that he was afraid that the Government of India had already decreased their expenditure below what was safe. May we ask what is in store for us? Are all the recommendations of the Inchcape Committee going to be reversed? Are the Government of India going to ask for an increase in the strength of the fighting troops? Are the peace establishments of the battalions to be increased? Are the three cavalry regiments which have been sent away to England to be brought back? This certainly, Sir, is a very disquieting feature of the situation and one that requires full elucidation at the hands of Government.

1 P.M.

The second point, Sir, which His Excellency the Commander-in-Chief made in his speech was that relating to the shortage of officers, and he mentioned with approval the fact that the recommendations of the Lee Commission had brought about contentment in the superior services which were discontented not so very long ago. Now, the Government of India accepted in 1921 the recommendation of the Assembly that Indians should be given at least 25 per cent. of the commissioned ranks to begin with and that an attempt should be made, as soon as money was available, to start a military college here. Those recommendations have not been complied with, and I wonder whether His Excellency the Commander-in-Chief's speech foreshadows the appointment of a Committee like the Lee Commission which would propose for the army what the Lee Commission did for the superior civil services in India, and suggest concessions in addition to

those which the Army has got already in consequence of the Lee Commission's report.

The last point that I wish to deal with in the speech of His Excellency the Commander-in-Chief relates to the handling over of Aden to His Majesty's Government. Now, we know, Sir, that the transfer of Aden has occupied the attention both of the Assembly and the Council of State during the last six years. There was a debate on the subject in the Council of State in September 1921 and a number of questions have been put subsequently in both Houses. Mr. Bray, or Sir Denys Bray as he now is, in replying to a question put by Mr. Joshi in this House said in September 1922:

"I would remind the Honourable Member of my statement on the 16th January that Government have no intention of arriving at a decision (in regard to the transfer of the administrative control of Aden to the Colonial Office) without giving this Assembly an opportunity for discussion",

and this assurance was repeated in the Council of State in 1924, and yet, so far as I know, the Legislature has been given no opportunity for discussing this question before Aden was transferred to His Majesty's Government. I am aware, Sir, that the township of Aden still remains in the hands of the Government of India, but I would here like to point out the statement made by Sir Denys Bray in the Council of State in September 1921 in which he said that the township of Aden is "inseparably and inextricably" connected with the Aden Protectorate. We have, therefore, a lively fear, that although the town of Aden still remains with the Government of India, it may pass out of their hands at no distant date, and all the apprehensions that were expressed in the Council of State with regard to the position of Indians, should Aden be placed under the Colonial Office, may come to be realised.

I will turn now in the few minutes that remain to me to the Budget proper. I will not go over the ground already covered, but I should like to say with regard to the surpluses which form the central feature of the Honourable the Finance Member's Budget that they bring out the complaint voiced repeatedly in previous years and during this discussion in this House that the surpluses have been arrived at either by under-estimating revenue or over-estimating expenditure. Now, I will not trouble the House with the figures for 1923-24 for they require somewhat complicated adjustments which I am unable to go into here, but the figures for 1924-25 are simpler. Now in 1924-25 we budgeted for a surplus of 18 lakhs. The revised figures show a surplus of about 4 crores. Now, we must admit that the surplus of 4 crores was to no small extent due to the extra protective duties levied in June 1924. But, Sir, the actuals amounted to about a crore and 3/4ths more than even the revised estimates. In 1925-26, the surplus, which was expected to be 24 lakhs, amounted to about 3½ crores and this after a loss of about 71 lakhs due to the suspension of the cotton excise duty. And in the existing year, we are going to have, instead of a surplus of about 5 lakhs, a surplus of a little over 3 crores and this after having remitted the cotton excise duty, which accounts for about a crore and 3/4ths, and reduced the provincial contributions by about a crore. These facts, Sir, to be duly appreciated should be considered along with the figures for debt redemption. Now, I am not going to deal with the question of debt redemption as a whole because it has been repeatedly discussed in this House. I should like, however, to draw attention to one aspect of it and that is the amount provided for railway annuities and railway sinking

[Pandit Hirday Nath Kunzru.]

funds. The specific amount provided in that connection as shown in the memorandum of the Financial Secretary amounts to a little over 2 crores but I take it that of the unallotted sum of about 95 lakhs a large portion is due to the increased amount of railway sinking funds. The Honourable the Finance Member told us in 1924-25 that he had transferred the figures relating to Railway sinking funds and annuities from the Railway Budget to the General Budget out of deference to the opinion of this House. Now, Sir, this House asked in 1923 that this expenditure should be debited to capital and not to revenue. If it is to be debited to revenue, why not transfer it to the Railway Budget? Since the defence of the Honourable the Finance Member for providing for it is that it will decrease the rate of interest at which money can be borrowed for productive purposes, in other words, for railway extensions, it is only fair that the money provided for the redemption of railway debt should come out of railway revenues. This money should be included in the Railway Budget in order that we may know exactly the contribution that the railway revenues are making to us. You have a depreciation fund there. You have a reserve fund there. And not satisfied with them, you charge the expenditure on account of railway annuities and sinking funds to revenue. Now, if this expenditure were transferred to the railway budget, I am sure that the size of the reserve fund at any rate would decrease. But at present, while the reserve fund is pretty large and is added annually, the revenues get no relief by being saved the expenditure on account of annuities and sinking funds.

Just one word more, Sir, before I sit down. The Honourable the Finance Member has informed this House repeatedly that the surpluses that it is having is due really to the prudent policy followed by the Government of India in regard to debt redemption. I would ask him whether howsoever good railway construction on productive works might be, he would be willing to come forward and directly ask this House to levy taxation in order to provide money for constructing irrigation works or productive works of some other character in order to benefit the revenues ultimately. I submit, Sir, that if he wishes to increase really the prosperity of this country he should increase its spending power and this he will be able to do only when he reduces the military expenditure, so that, to use a well-worn phrase, the money might remain with the people to fructify in their pockets.

The Assembly then adjourned for Lunch till Twenty-Five Minutes Past Two of the Clock.

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

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**Nawab Sir Sahibzada Abdul Qaiyum** (North-West Frontier Province: Nominated Non-Official): Sir, I am glad that I have got this opportunity of speaking in the House immediately after the recess, when there are not many Members present and I am not following a good speaker! Sir, another year has passed and another Budget has been presented before this House. The Members have got an opportunity of bringing their grievances before



the House and I should like to repeat my story too, namely, the story of the North-West Frontier Province, if I may call it the "unfortunate." But before proceeding to repeat that story, I should like to say just a few words on the general aspect of the Budget. A good many speakers have preceded me and the majority of them have criticised it, but I am sorry that I cannot follow the general trend of their criticism, though I may have a little grievance of my own about which I shall have to speak to the House on the motion I have given a notice of, if it ever comes before the House, regarding the shortness of funds for the improvement of the Frontier administration. But it stands as No. 74 in the List of Demands for Grants, which always comes under the guillotine, and no one has ever been able to speak on that subject. However, that is the fate of all smaller provinces and smaller matters!! Now, Sir, if I add a few words of congratulation to the Honourable the Finance Member on his fifth Budget, that is another surplus budget, I must not be accused of any partiality. To a layman like myself it does not matter how the ratio is dealt with, how the export and import duties are enhanced or reduced. It is the direct taxation, Sir, which a man in my position understands and I am glad to think that there is no direct taxation in the present Budget.

Sir, something has been said about the wastage or heavy expenditure on Delhi. I cannot agree with the gentleman who raised that objection. Delhi has been the seat of numerous dynasties in the past and every dynasty has left some mark behind to show to the coming generations the standard of its civilisation, and when the time comes, as it always comes, whether a thousand years hence, or three thousand years hence as in the case of the old Hindu civilisation, there will be a time when posterity may say that a certain civilisation existed in the 20th century or that a certain race was ruling the country with such a standard of civilisation behind it. We should not grudge this expenditure because most of the expenditure goes towards brick and stone, which are the product of the country and which will be left behind by this Government when it goes, if it will ever go.

Another question which concerns me a little more directly is the expense of the army. That has been very much exaggerated. I do not believe that even the present-day Indian army is sufficient to cope with the requirements of the country. (Laughter.) I suppose it is the lull in the troubles that encourages my friends on the other side to laugh at my remarks but these lulls can never be trusted. It may be just a lull before the storm. You have got a land border of nearly 1,400 miles. You have to defend that border from the north-east, all round the north, to the north-west and south-west to the sea. That border is full of arms. You will be surprised to know that the tribes on the North-West Frontier alone can put up half a million well-armed men in the field if they were ever to rise simultaneously. This is not improbable as the means of communication in those countries are so much better nowadays and the propaganda work in those parts is so steady and thorough. I would not say from which side. It is not only from the Bolshevik side. I hope you will excuse me if I say that it also comes from the centre of India. These waves of fanaticism, these reports of communal troubles, these ideas of so-called foreign exploitation and foreign tyranny and oppression and interference with religious customs and things of this sort, are trumpeted over there a great deal. I am not only speaking of my co-religionists, the Mussulmans across the North-West Frontier. Similar feelings may be prevailing or may arise in the East, say,



[Nawab Sir Sahibzada Abdul Qaiyum.]

on the Nepal side in sympathy with their co-religionists in India. In short, Sir, we are encircled by this border of 1,400 miles with well-armed people all round us, while you have not yet got a national army, but only a hired army, serving for the pay that it is getting. I do not blame you or criticise you for it but I must say at least this much that you have not yet shown the spirit for national soldiering.

**Mr. President:** Will the Honourable Member please address the Chair?

**Nawab Sir Sahibzada Abdul Qaiyum:** Yes, Sir. I mean that the soldiering spirit on which you could depend when an emergency arises is lacking in the country. All that you have to depend on is the Indian army or the British units that are here. My one point, which I do not want to enlarge upon because the time at my disposal is not sufficient, is that the present-day army is not sufficient for even one-tenth of the danger and the risk that exist on the land borders of India. On the other side India of course is surrounded by the sea, and we have the good luck to have the very powerful navy of the British to defend us there. But my point is that your expenditure on the North-West Frontier for purposes of defence is nothing in comparison with the very very heavy expenditure incurred on the British navy, which defends your shores. So, you should never grudge the expenditure on the army. Sir, as regards economy in that expenditure. I was sorry to hear my friend Colonel Crawford say that there may be some little extravagance or wastage, which it might be possible to retrench. As a military officer he ought to know that in the army the expenditure is governed by very strict rules and regulations, especially with respect to the issue of rations, clothing, etc. It is not like the civil departments, where travelling allowances, equipment grants and even saloons for our friends over there, place a very heavy burden on the finances. There is no avoidable wastage and no extravagant expenditure in the army as far as I can make out from my long association with the army. Sir, that is my second point. But whatever may be the case, Sir, I realize the difficulties of my friend the Finance Member. The Finance Member's position is not an enviable one. I remember when I was on service with a very distinguished officer, Sir Frederic Cunningham, on one of our frontier expeditions, I was only a junior official then, and when I took him his despatch to sign, he said to me, "My young friend, I am in great difficulty. I am between two enemies. In the front I have got Hashim Ali, who has cost me three expeditions, and in the back I am stabbed by that devil of an Accountant General, who is always ready to cut down my expenses, and I do not know what to do. But still I must go on spending freely, and if I am sent to jail or hanged afterwards I will not mind it so long as I can bring this expedition to a successful issue." So you should make some little allowance for the difficulties of officers on the spot when they are carrying on your business.

Well, Sir, there is this surplus budget. I am very bad at figures. Whether it is 3 crores or something else, I am not quite sure. But there is a surplus. And you do not know how to spend it. There is a suggestion from the Government side that it should be spent on the remission of duties, and God knows what else. But I can suggest to you one very useful way of investing this surplus money and it is to open new communications, new roads and new railways on the Frontier. That is your best investment. I assure you, Sir, that it will save you ten times that

amount in 10 years. His Excellency the Commander-in-Chief told us yesterday afternoon something about the improvements that had taken place on the frontier, particularly on the Waziristan side. Well, Sir, I know there is an enormous improvement, but I am sorry I cannot give the whole credit for it to your army, your power or to your forces. You were fighting in that corner for nearly 8 years, at a cost of 30 to 40 crores, and it was still the beginning of the fight when you began to build the roads. You may have realized the position of those people that they were not fighting for the love or pleasure of fighting but only for a bare living. You introduced ordinary works in their country which have improved your communications and fortified your frontier and have brought them a little labour near their homes and that has satisfied them and improved the position, Sir. (Hear, hear.) That improved the position not only in the Waziristan country, but look at the turbulent and notorious Khyber Afridis, Sir. A small road and a small railway, which give them a certain amount of labour there at home, has pacified them, Sir! These were the two most troublesome corners of the frontier, and both have been greatly pacified not by your arms but by your better treatment. You took your armies four times into the Khyber and about six times into Waziristan but with no better results.

**Mr. President:** I regret the Honourable Member still persists in addressing the Treasury Benches.

**Nawab Sir Sahibzada Abdul Qaiyum:** I beg your pardon, Sir; this was the only opportunity when I thought one was not out of order or seriously out of order, as it was a general discussion. Well, Sir, those are the reasons which have pacified those people. The people in these frontier lands, Sir, are not slack and sluggish in going in for physical labour. They go as far as Australia, they come out even as moneylenders to India, though that profession has now been handicapped, because I was told the other day by one of these moneylenders that Indian people were becoming very troublesome and were not paying back their debts, Sir, (Laughter), that every debtor wanted to be killed, and that the moneylenders were not prepared to kill everybody and be hanged instead: so that profession has also gone to a certain extent. Whatever labour is available is being done quite willingly by these people whether in the shape of the scavenging of streets in the Peshawar City, or the harvesting of crops in the settled districts or even the coolie work at Karachi and elsewhere. There is no labour available in their own country, and it is only when there is none available nearer their homes that they go in for raids; and whom do they raid? They first try to find an excuse to raid the Shiabs as against the Sunnis, their own brethren, and when there is nothing to be found with the Shiabs, then they go to the settled districts. They used to make a little distinction between Hindus and Musalmans in the beginning, because the Hindu possessed a little more wealth than the Musalman, but now even that distinction is not made by them. Sir. (Laughter.) There is a proverb, in my language, and I wish I could translate it correctly, for you. It says:

“A naked man can leave the road and turn aside but not the hungry man.”

The meaning is that a naked man is ashamed of being seen by others, but a hungry man must pass through the main streets so as to get a piece of bread to eat. It is really their hunger which makes them go in for these troubles. If you bring their level of living to the same standard as that of the people around them in the settled districts or in Afghanistan, I assure

[Nawab Sir Sahibzada Abdul Qaiyum.]

you, Sir, and assure you honestly, that you will not hear of all this raiding. It is not a love affair. It is only a bare necessity, Sir. So I will advise the Honourable the Finance Member that whatever portion of the surplus, if not the whole, that he can spare, he must invest in railways and roads on the Frontier, and if I may suggest to him, there is a line, a very fine line, from Tank to Hindu Bagh which will connect the two sister Provinces of the North-West Frontier and Baluchistan. That line will pacify a good many of the Gomal and Waziristan tribes. Similarly, you may take up the old Thal and Parachinar Railway, the land for which was purchased and everything else was done some time back; but God alone knows the reason for the change of your policy. If you will only revive that line for which I have put a question, you will really be bringing under influence certain other tribes round the Kurram Valley. Similarly, the line through Tochi will do a lot of good. These are my suggestions.

**Mr. President:** And no more. The Honourable Member's time is up.

**Nawab Sir Sahibzada Abdul Qaiyum:** But I have not yet touched my main point, the Frontier Reforms.

**Mr. President:** The Chair is very sorry.

**Nawab Sir Sahibzada Abdul Qaiyum:** Then I will let the tribesmen find their own way and must come back to my own part of the Frontier Province.

**Mr. President:** The Honourable Member has exceeded his time limit. He cannot come back to anything.

**Nawab Sir Sahibzada Abdul Qaiyum:** I will just finish, Sir. My grievances about the "Reforms" are the same as those of my friend Mr. Har Bilas Sarada, except that he seemed to be a little jealous of our 300 schools. Perhaps he forgets that a similar number was closed some time back and that we are only getting practically what we have lost in the interim. About Delhi, he and I both ought to be agreed that it is the pet child of the Government and we should not be jealous of it. But what about the Reforms for the Frontier? Sir, I do not know why there is all this delay. We are told, "We are considering". From 1920 till this day they are considering this question. Who are the advisers of Government in this matter—we understand that the Governor General is in direct touch with the Frontier since 1901,—but who are his advisers in the matter? Is it Sir Denys Bray, the permanent Foreign Secretary, who was the President of the Frontier Enquiry Committee of 1922, or Sir Norman Bolton, the Chief Commissioner, North-West Frontier Province, who was the Secretary of that Committee? Even the present Foreign Secretary and the Private Secretary to His Excellency are from those parts. And there is Sir Alexander Muddiman, who has paid several visits to that province. I do not know what delay there is in the consideration of this case, Sir. Is it the fear of our getting enormous powers under the Reforms, the powers of life and death or of law and order, that have to be considered, or only matters connected with a few schools and hospitals and some such things that are likely to be affected? I would not, however, detain the House on this point and would simply request that this matter may be specially considered.

One word more and I have done. I will ask my brethren on the opposite Benches that even if we have been given, though unjustly, a bad

name for so many things in the past, I assure them that we shall be better people in the future. We had only one serious trouble and one ordinary one as against numerous troubles in Bengal and among the Sikh community in the Punjab. The serious trouble was at Kohat and the smaller one at Dera Ismail Khan. In both places we have compromised the cases, and there is not a single case in the whole of India where the two communities have compromised their cases and differences in this manner and we have set a good example. We shall try to compromise all our differences in future too and I assure them on that account. I therefore earnestly appeal to them that it should not be they who should be pleaded as standing in the way of our advancement. Let the past be forgotten.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I am not merely following the time-honoured convention of the House when I start by expressing my genuine sense of appreciation of the skill and financial genius of the Honourable Sir Basil Blackett for the way in which he has handled the Budget, which was presented in this House on Monday last.

My feeling of satisfaction and relief is mainly due to the substantial reduction of the contribution which my province, namely, the United Provinces of Agra and Oudh, had to pay towards the Central Exchequer. It is a well known fact that my province is one of those provinces which were hit hard by the settlement known as the Meston Award. The feeling of the people of my province against this Award was so intense that in December 1921 the United Provinces Council unanimously passed a Resolution asking the Government of India to reduce substantially the contribution payable by the United Provinces to the Central Government and extinguish it within three years. This Resolution received strong support from the official Members of the Council as well. Sir Ludovic Porter, the then Finance Member of the United Provinces Government, in the course of his speech on the Resolution said:

“The province which has to pay one-fifth of its gross revenue as a contribution and which is meeting one-fourth of the Imperial deficit is the one province which in previous settlements has been unable to attain the standard of expenditure which has been found absolutely essential elsewhere and in every department of activities.”

Again in September 1922 a Resolution was moved in this House asking the Government to reduce the provincial contribution by 2 crores. In supporting this Resolution Mr. Way, the then official representative of the United Provinces Government in the Assembly, said:

“This is a matter on which the Government and the people of the United Provinces feel very strongly that they have not been fairly treated.”

I also raised my humble voice every year against this standing grievance of my province since I had the privilege of being a Member of the Assembly. It is therefore a matter of special satisfaction to me that this undue burden is now practically removed from the United Provinces. The financial position of the United Provinces is by no means satisfactory and this year we were about to face a deficit budget which I hope the reduction in the provincial contribution will now bring to a balanced one. I only wish that the temporary portion of the reduction would also have been a permanent one and hope that it will be possible to extinguish the contribution *in toto* next year. There is one thing however in this connection upon which I should like to lay great stress and it is this, that in 1925-

[Maulvi Muhammad Yakub ]

When the Honourable the Finance Member asked this House to vote on the salt duty at Re. 1, some of the Members of the House expressed their willingness to vote with him if he gave a statement on the floor of the House to the effect that he would impress upon the Provincial Governments to spend the major portion of the money saved by a reduction in the provincial contribution on the nation-building departments, and the Honourable the Finance Member said he would, but I regret to say that so far as my province is concerned a very small portion of the saving was devoted towards developing the nation-building departments. I repeat the same demand with all the force that I can command and urge upon the Honourable the Finance Member the desirability of conveying to the Provincial Governments a strong desire of this House to the effect that at least a substantial portion of the savings earned by the reduction in the provincial contributions must be spent upon the nation-building departments such as education, sanitation and child welfare.

Coming to the points of general interest in the Budget I cannot help noting with regret that in the distribution of the surplus the most crying need of the country, namely, the encouragement and improvement of our industries and technical education has been lost sight of. It is no doubt a matter of satisfaction that increased educational grants have been made to the provinces under the direct control of the Government of India. And I take this opportunity to congratulate my esteemed friend Nawab Sir Abdul Qaiyum on receiving a larger educational grant for his province.

**Nawab Sir Sahibzada Abdul Qaiyum:** Yes, for the primary schools we had before.

**Maulvi Muhammad Yakub:** But I hope this increase in the educational grant is not a substitute for an extension of the Reforms to the Frontier Province for which my Honourable friend and other people of the province are so anxious and I hope it will not be very long before we have an opportunity to congratulate him on the extension of the Reforms to his province.

I also note with approbation the provision for the introduction of compulsory primary education in Delhi. In this connection, however, I wish to point out that the Local administration of Delhi should be directed to take such measures by which the Musulmans of this ancient city may also derive benefit from the introduction of compulsory education. From the answers which I received to several questions of mine in this House it is fully established that the Education Department of Delhi is not treating the Musulmans with fairness and justice. Circulars are issued by the Government to help the Musulmans in the matter of education, but unfortunately no effect is given to them. It is necessary that on the controlling agency of the department there must be some Musulman to safeguard the interests of his community. There is one more important fact worthy of the attention of the Government in connection with the education of the Musulmans, and it is this that the descendants of the late Mogul Emperor of Delhi are in a most miserable condition; most of them have got no means of living and they cannot afford to give any sort of education to their children. I fervently appeal to the Government to feel some compassion for these unfortunate beings and if nothing else can be done for them at least some special facilities should be provided for their children to receive education. The provision for the educational programme which

extends to five years is extremely insufficient for the requirements of the institutions directly under the control of the Government of India. Education, as pointed out by the Honourable the Finance Member, is no doubt a transferred subject, but the Provincial Governments are loath to give help to the institutions under the direct control of the Government of India, on the ground that it was not their concern to provide for such institutions. This was the reply which was given by the United Provinces Government on a demand for a grant to the Aligarh Muslim University.

The problem of unemployment in India, specially amongst the Musalmans, is a matter requiring serious consideration. The Musalmans have got neither the capital nor the aptitude required for trade and business. For generations our chief source of living was either service under the crown or the income from ancestral landed property. The change of Government in the country was so abrupt that we were handicapped in adopting new methods for entering in the services of the new Government and the landed property has now mostly passed into the hands of the money-lender. Therefore the struggle for existence is really very hard in the case of my co-religionists; and it would not be in the interest of the Government as well as in the interest of the country itself that a large section of its population should be reduced to a state of utter penury and be forced to adopt desperate methods of living. Hundreds of Musulman graduates roam about from door to door in search of employment; their parents, having exhausted all their resources in giving education to them, look in utter despair not knowing what to do in order to secure some employment for them. We, the Members of the Assembly, are surrounded by hoards of these unemployed and discontented youths. There are very few openings in this country for these young men and it is of the utmost importance that industrial and technical institutions should be opened in abundance all over the country for the unemployed, if the discontented youth of the country is to be protected from falling victims to desperate methods. I would urge upon the Government to spend more money on industrial and technical education than they have been doing up to the present time; and I am really disappointed that no provision is made in the Budget in this direction. The Hindu University at Benares and the Muslim University at Aligarh should be liberally provided with funds with instructions to devote them solely to technical and industrial education.

3 P.M.

Passing on to another point of general interest, I regret to note that it has not been possible to reduce postal rates in the country. The amalgamation of the Postal and Telegraph Departments is to a great extent responsible for showing a deficit in the Budget for the combined departments. It is really the Telegraph and not the Postal Department which is mainly responsible for the large amount of working expenses. If the accounts of both departments are kept separate, there might be some chance of a reduction in the postal rate and probably the postcard which is the general medium of the poor man's correspondence could be reduced to its former price. The Honourable the Finance Member would earn a great deal of gratitude from the poor population of this country if he could take a step in this direction.

I also welcome the increase in the tobacco duty because I consider that smoking cigarettes, especially among the student classes, is one of the main causes of the physical degeneration of the youth of India. I am really convinced that the smoking of these cheap cigarettes creates a

[Maulvi Muhammad Yakub.]

large number of diseases and therefore anything which checks and stops this smoking evil is welcome to me. (*An Honourable Member*: "What about the *hookah*?") Well, Sir, the *hookah* is not so bad; I do not think it is so injurious to the health as these cheap cigarettes. The *hookah* is the most refined form of smoking tobacco. There the smoke passes through the water and, in passing, deposits the poison in the water, while in cigarettes the poison goes directly to the lungs.

Finally, Sir, I join the Honourable the Finance Member in hoping that in the next year we will have plentiful rains and a plentiful harvest which will help in the progress and prosperity of the masses of this country.

**Mr. T. Prakasam** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, the surplus budget of the year represents the underlying policies of the Government under the present system. It represents the military policy, the foreign policy and the trade policy. Foreign policy, we have very little to do with. The Washington Conference was attended by the Right Honourable Srinivasa Sastri as our representative (*Mr. C. S. Ranga Iyer*: "Question. He was the Government's representative.") and he returned as he went. My friend behind me says that he was Government's representative. The Government represents all the millions of India under the present system and whoever is sent by the Government, the Government claims to be representing the millions whether they wish or not. So far as the Washington Conference was concerned, we got nothing. The Right Honourable Srinivasa Sastri went there and returned.

Then, Sir, at the Locarno Pact, it was stated that the present treaty shall impose no obligation upon any of the British Dominions or India unless the Government of such Dominion or of India signifies its acceptance thereof. According to popular idea, this assumes the right of India not to become an active belligerent except of its own choice, in the event of a British war arising out of the treaty. Armies have been sent from here to China, and we are told that it was only to defend the Indian and English interests over there. We did not know, this Assembly, which is supposed to consist of representatives of millions of people, did not know until the army had been actually sent away and until it had left the shores of this country. And when a question was raised whether the cost would be borne by us or by the Imperial Government, we were told that India would not bear the cost. Sir, it is not merely a question of cost. The question is whether the Indian army should be sent away from this country without even the subject being placed before this House. That is how our military policy stands to-day. I do not propose to detain the House very long by dwelling on that subject, because much has already been said on it. My Honourable friend Sir Abdul Qaiyum placed a very interesting statement before us this morning about the people in the North-West Frontier, about their physical fitness, their condition, their courage and their martial qualities, and, given the requisite education and opportunities, there is not the slightest doubt, Sir, that they would be quite fit to be enlisted in the army and they would be able to defend the country quite as efficiently as the British armies that have been brought from abroad. My friend has asked for railways, he has asked for more education and facilities to train these people. Well, Sir, the millions of



India have been demanding just the same opportunities for the last so many years. Are there not people here fit to get enlisted into the army and defend the country? 100 years ago, when a standing army of zemindars was drilling in Esplanades a *firman* was sent forth by the newly appointed District Magistrates telling the commanding officer: "Well, Sir, there is a standing army for you. No need for your armies. We are here; there is the Magistrate and there is also the police appointed by British Government to keep law and order. You should disband your army." I was referring to this only to submit to the House how the process of emasculation started and how the martial spirit in the people has been completely destroyed. Now, our administrators say that we are disorganised, we have not got the spirit to fight. But unless opportunities are given how will it be possible for the people to develop martial qualities? His Excellency the Commander-in-Chief said that there could not be a reduction of even one man or even one rupee. I do not really understand, Sir, why it should be so in a country which is inhabited by so many millions of people who would become fit within a very short time to serve and defend their own country if only facilities were given to them. What we could understand is that the military will be ready with one moment's notice to come into the field to put down the riots and to suppress the labour activities. Distressing news has been received between yesterday and to-day that on account of firing by the police 20 persons had been killed and 40 injured in a riot or what was apprehended to turn into a riot on account of music before a mosque between Hindus and Mussalmans. Startling news. We have not been told whether any officer was injured seriously. That 20 people should have been killed and 40 people should have been injured is a shocking thing. Every one of us deploras these Hindu and Mussalman disputes and riots. It is a painful thing to think of these things. But to suppress a riot, to disperse an unarmed crowd, is it necessary, Sir, that fire should be opened and that 20 people should be killed and 40 injured? According to the report it is the Mussalman that are killed. What does it matter whether it is Hindus or Mussalmans. And how shocking it is and how painful it is that these communal riots should be occurring; it is a tragedy all these years that sufficient steps should not have been taken. (Mr. K. Ahmed: "Ask Pandit Madan Mohan Malaviya: he went there.") When a riot had to be prevented and a crowd had to be dispersed, I say, Sir,—on the meagre material that we have got to-day—there is absolutely no justification to kill so many. The military policy serves only this sort of thing. Again, with regard to the Kharagpur labour strike, over and over again the matter was brought to the notice of this House how these labourers who had gone on strike had been treated by the Auxiliary Force. I do not wish to re-open that debate at any length here but this illustrates the way in which the military power was used against those who used their legitimate weapon of strike when no redress could be got for their grievances.

With regard to the hides trade, the export duty is to be abolished. Hides relate to the tanning industry in India. It is the duty of a Government, whether it is democratic or despotic, or the Government of the late Tsar or the Kaiser.—any Government is bound to protect the industries of the country. The tanning industry has been suffering so much. The export duty is the one thing that could help that industry in the country. That export duty is now removed. Hides go to other countries and they are sent back to this country as leather. A small import duty is



[Mr. T. Prakasam.]

levied. That will not protect in the least the tanning industry. Now, the Honourable the Finance Member, in his speech stated in paragraph 36:

"The trade is at present in a depressed condition and the Government have for some years seen no justification for the retention of the duty *except on purely revenue grounds.*"

May I ask, Sir, whether the necessity to protect the tanning industry is not a ground for retaining the export duty? The hides leave the country—in the same manner in which cotton leaves. They are tanned in another country and returned to us as leather, just as we had been deprived of our own clothes cotton being exported from here, yarn sent and cloth is sent back to us, ourselves bearing all the cost. The protection of the industry in the country is very necessary and it is the duty of the Government to protect that industry. The Honourable the Finance Member says: "Except on the grounds of revenue there has been no need to retain this tax". That this statement should have been made by the Honourable Member is surprising. I have a telegram from the President of the Southern India Skin and Hide Merchants' Association, Madras. He says:

"Urge strongly against proposed abolition export duty on raw hides. Important indigenous tanning industry is already in depressed state. Abolition of duty will further cripple it. Export duty very necessary to protect industry from powerful foreign exploitation of our raw resources. Duty beneficial to country's real great interests. Fiscal taxation commission's principles not applicable to tanning industry as Indian consumption leather insufficient now to absorb all its production hides, consequently import duty on infinitesimally small import of foreign manufacture leather will not help in stopping or appreciably reducing foreign exploitation of raw hides. The question is not whether India should use Indian tanned hides or foreign manufactured hides but whether India should prefer to export her hides in raw or tanned state. Appreciating these facts Indian Industrial Congress, Indian Chambers Commerce and also some European Chambers have supported export duty."

This I place before the Honourable Members of this House to show how the indigenous industry will suffer on account of the abolition of this export duty. The tanning industry would disappear altogether with the removal of this tax. I record my protest against this abolition of a protective tax.

Another matter relating to a grievance which I would like to submit to the Honourable Members of this House is this. It is a small matter perhaps to the Government. But, however, small it might be to them it is a matter that concerns the poor in Madras, the postal clerks, the postal peons, and those who are subordinate to them. There are so many as four gradations. These are people who receive only a few rupees as their salaries. They have been suffering from an inequality in pay and they have been asking for redress and nothing has been done. So far as the postal clerks are concerned, all the other provinces have been put on one scale but so far as Madras is concerned, they have been put on a lower scale. I do not know what prompted that, but I hope it was not because the Madras Brahmin was paying only Rs. 5 to the cultivator. Dr. Macphail the other day was telling—was rather furious against the Madras Brahmins . . . .

**The Revd. Dr. E. M. Macphail** (Madras: European): Excuse me. I must protest against that statement. I have got a great many friends among the Madras Brahmins and I have never been furious.

**Mr. T. Prakasam:** So far as that matter is concerned, whether it is the postal clerks that have been trained and sent out by Dr. Macphail, or whether it is the pleaders or other class of people, I was rather expecting Dr. Macphail, as an experienced missionary gentleman, to claim something in the matter of helping the Indian social reformers in the matter of relaxation of their rigid caste rules and customs. On the other hand, Dr. Macphail took up a very angry attitude; and I may say that the Brahmins of South India form only 3 per cent. of the population. In regard to cultivation also they are in a great minority. They do not form a majority of the landlords and there could not have been any oppression on their part. Apart from that, Sir Charles Innes also twitted us saying that the Brahmin of South India pays his tenant less than five rupees. He said, "Charity begins at home". I really doubt whether there are any Brahmin landlords who had been conducting themselves like that. I do not speak for Malabar myself but with regard to the districts, both Tamil and Telugu, I can say it cannot be a fact. We shall try to know the truth of it. Even if there should be any, is it any excuse to say that because a Brahmin was paying a very low rate of wage, the Government should conduct itself similarly in this manner? In London, if you go into the East End, you will find people who are hungry and who would be anxious to get 2d. a day to satisfy their hunger and live upon. But that would not be a test. There may be persons here and there but that should not be the test at all. I was looking into this Budget with a view to find whether the surplus shown here is a real surplus and whether the surplus is based upon the prosperity in the country. One would certainly welcome any surplus budget which is based upon prosperity and contentedness in the country. But the present Budget is not one like that. A surplus budget is not always welcome, but if it is a real surplus, saved after giving everything that is due to the people, one will certainly welcome it. Now, Sir, so far as the Government is concerned, the national debt is shown to be over Rs. 900 crores. It is put under two separate heads, one over 500 and the other 400 crores. If that were all the national debt and if the Government were striving to get rid of that debt, I could very well understand it. But that is not really the whole of the national debt. That is a debt contracted by the Government not for the sake of the people but for expanding her railways and for doing several other things, no doubt partly for the benefit of the country, but mostly for the benefit of those who are governing this country. Now, Sir, the agricultural debt in the country is over Rs. 800 crores. and including the Native States, it comes to Rs. 1,000 crores. The debt of the agriculturists is the real national debt of the country. It is that debt that should be liquidated. So long ago as 1884 one of the predecessors of Sir Basil Blackett in the Assembly itself stated that they realised the necessity to liquidate these agricultural debts. No attempt has been made to give relief with regard to it. This is a budget framed without the least reference to this agricultural debt, which is the real national debt. Just as they are raising monies in order to meet the capital expenditure on railways and all other things, monies should have been raised to discharge the debt of the agriculturist and the agriculturist ought to have been placed in a better position. My submission is that the Budget is not a national budget, is not a people's budget but is merely the budget of the merchants who are the descendants of the East India Company.

**Mr. President:** Order, order. The Honourable Member's time is up.

**\*Rao Bahadur M. C. Rajah** (Nominated: Depressed Classes): I am extremely thankful to you for giving me this opportunity to lay the grievances of my community before this august Assembly. But before doing so I would offer my thanks, sincere and heartfelt, to His Excellency Lord Goschen and to His Excellency the Viceroy for kindly sending a member of the class that has long been raising its voice and always failed to secure a hearing into this august Assembly. I take it as an honour done to the community—not merely an honour but a manifestation of a desire on the part of the Government to give recognition to that portion of the population of India which is considerable not merely in numbers but as forming the backbone of the whole country which is nothing if not agricultural; a recognition which it has never received at the hands of its own countrymen, whose long and gruesome tale of untold wrongs I will not regale you with relating at present, for they are patent to the world. The very word has passed into a byword of scorn into all the European languages. Therefore I say I feel doubly and trebly thankful to the Governments of India and Madras for sending me into this Assembly.

**Mr. K. Ahmed:** You earn Rs. 20 a day.

**Rao Bahadur M. C. Rajah:** It is too terrible to contemplate the condition of the depressed classes or the laws the Indians established, whereby one section of the country was kept in perpetual bondage to serve the interests, to minister to the pleasures and vices of the rest of them. In every country in the world a certain portion of the people through their own fault or through social arrangements naturally and automatically sink to the bottom, but here in India laws were passed so as eternally to keep down some millions of their countrymen—they form 60 millions now—never to give them, their children, or children's children down to the uttermost generation an opportunity to rise. They were put out of the pale of humanity; they were to be treated worse than animals; they were to be starved; they were not to be allowed to breathe pure air; they were not to be allowed to drink pure water. They were not to live with the rest of them, but were segregated and housed like pigs. They were not to go or walk on the same roads, nor worship in the same temples, nor read in the same schools, nor live in the same cities, nor eat the same food. This, Sir, is the tyranny to which they were subjected for ages and would have continued for ever, but Providence, which though slow, is sure to hear at last, heard the desolate cries of despair of the hopeless millions that rent the air and sent the Britisher to India.

**Mr. K. Ahmed:** Why don't you go and sit by the side of the Pandit?

**Rao Bahadur M. C. Rajah:** We have been subjected to the most cruel wrongs, wrongs from which, thanks to an ever merciful Providence, it is Britain's mission in India to rescue us. With the advent of the British our emancipation commenced. He too has been tardy, very tardy indeed, in moving his little finger to right this wrong, but I say I am deeply grateful to him. After all, is it not to the foreigner that we owe what little of education, material prosperity and personal liberty we possess to-day and not to our selfish countrymen, the caste-proud Hindu calling himself our kith and kin, exploiting our labour for the fulfilment of his selfish ambition and giving us only a pittance. My friends are transported with rage at the treatment accorded to their countrymen in South Africa. Is it because we

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\*Speech not corrected by the Honourable Member.

are nearer at home that the eye is blinded and cannot see, or is it a wanton attempt to distract attention from irregularities at home that they are trying to fix the attention of men abroad? It sounds odd, very odd indeed, in the mouths of these people to speak against injustice in South Africa when they have brutalised and are keeping still in a state of bondage a vast section of their countrymen. Sir, they all cried for Indian Ministers. Let me frankly ask them what these highly paid Indian officers did to us. Did our representation of the atrocities that they were committing disturb one night's sleep for them? No, Sir, I wish they had never got this power. Well, Sir, as a matter of fact what has this Legislative Assembly done all these years to alleviate the sufferings of these voiceless millions? What have the provincial Councils done for them? There was a time when it was said that once the people of India get power into their hands they would help forward the oppressed classes in India. Are we any nearer to the time when the caste Hindu will think with shame of such atrocities having once existed in this country? I have often heard within the four walls of this House an accusation levelled against the Britisher by the Opposition Benches that the British Government has crushed the freedom of Indians and has deprived them of the rights of citizenship. But freedom of person is totally denied to the oppressed classes by the caste Hindus, for their law allows it and the court supports it. Can India get self-government before our social wrongs have been set right? Social equality, social liberty and social fraternity should be enforced among the people who clamour for political equality, political liberty and political fraternity. Labour in India can be broadly classified under two heads, agricultural and industrial. The public agitate and the Government legislate for the latter, because that is largely a foreign concern, whereas the former, who form the greater portion of the labouring population of India, do not receive the attention of anybody. Why? In that the politicians take no interest, and the Government do not interest themselves in that either for there is no politician to engineer an agricultural movement. If indeed there was one, he would be caught by the neck and ducked in the nearest pond by the first landholder he met with.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Might I ask what the Government would do in that case?

**Rao Bahadur M. O. Rajah**: I am just asking the Government to legislate on that. He will go away with the lesson never to renew his efforts again to improve the lot of the agricultural labourer. Now, Sir, it is here where we want the help of Government and of my friend the Honourable Mr. Joshi. The landholders are the most powerful body in the country. The agricultural labourer forms the bulk of the labouring population in India; these are half famished and partially clad men, being given wages that could hardly keep body and soul together. Upon their industry the idle landlord fattens and thrives. The Indian politician will never come between them and the owners of lands, for, as I have said before, he will raise a hornets' nest about his ears if he attempts it. Hence the necessity, the absolute necessity, for the Government to legislate and thereby permanently improve the miserable lot of the agricultural labourers. When that is done, Sir, emigration will cease and the thorny questions, like the South African question, which has given so much trouble to South Africa and India and England, would never arise. Here, Sir, I wish to offer a word of explanation for my adverse vote when the House considered the question of the appointment of a committee for investigating

[Rao Bahadur M. C. Rajah.]

the causes of the Bengal Nagpur Railway strike. Such a committee I know would do positive harm to the labourer, and embitter their relations with the employer. Why? Because the evidence of the really aggrieved labourer would not be forthcoming. It is the man set up and tutored by the executive who would come forward as a spokesman and repeat like a parrot what he was taught to say.

Now, Sir, all over the country the cry has been raised that the services ought to be Indianised. Now, what can this Indianization mean? It would mean a few more highly-paid jobs for the caste Hindus and the mass of the people will be left untouched; and the presence of these Hindus in those top places will be a hindrance to the advance of the masses, for the Indians have been blinded by the age-long caste prejudices; and even if a few had the extraordinary courage, they would be hooted down by their own countrymen and thus incapacitated from doing any good whatever to the country, whereas the Englishman, who has none of these disadvantages, sees clearly and seeks the shortest road to remedy these. The first and foremost charge on the exchequer of any civilized Government is the promotion of human happiness and of the widening of the opportunities for a good life for many crores of the people of the country. Is it not proper, Sir, that out of the surplus amount a considerable amount of the revenue should be set apart and earmarked for my people and spent in relieving their deplorable condition for which they are not responsible? (Hear, hear.) The Government of India should take up this question immediately. Nation-building should be directed towards the amelioration of the condition of the one-sixth of the population of the country that have been kept down for ages. Nation-building will all be tall talk if the activities are not directed towards the uplift of these waiting millions, the real sons of the soil. The first concerted action of the Madras Government for the uplift of the depressed classes was the creation of the office of the Protector of the Depressed Classes. This was due to the Government of India. In their letter to the Government of Madras published in their Resolution No. 1835 (Board of Revenue), dated 18th September, 1916, the Government of Madras created a separate Department called the Department of the Protector of the Depressed Classes under a special officer with a separate staff. This officer was gradually saddled with other work and was ultimately transferred into a Labour Commissioner with multifarious duties, one of which is to look after the depressed classes. Sir, this is not as it should be. This Assembly should set apart a certain sum, progressively increasing, for the improvement and advancement of the one-sixth of the population who have been wantonly held back. The office of the Protector of Depressed Classes should be created in every province and the condition of these millions should be remedied. Next, Sir, provision should be made in the Budget for giving scholarships to promising young men belonging to my community to enable them to go to England or Japan or America for higher studies. We all know the usefulness of that great institution at Tuskegee. I mean that famous institution founded by that noble son of American, Washington. If only we send them abroad for training, will they not on their return be able to point the way to progress and usefulness for the depressed classes? Sir, it is a national loss to keep the depressed classes in the condition in which they are to-day. If you give them your hand of fellowship, they will be a national asset to you to-morrow.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I congratulate Rao Bahadur M. C. Rajah on the speech he has delivered, though I wish that he had avoided saying a few things which he has said. I am in entire agreement with him in his desire that the condition of the depressed classes should be elevated. (Hear, hear.) He knows, Sir, and the country knows that not one but hundreds of high-caste Hindus are working for the uplift of the depressed classes, and I am glad to be able to say that the work of their uplift has made much progress, though I wish that the progress were twenty times more than it is. I join with him, Sir, in desiring that a part of the surplus of every Government should be set apart for the education and uplift of the depressed classes. It is a sad fact that not enough has been done to help them. I am entirely at one with him also in desiring that every Government should be asked to take special measures to promote education, not merely elementary education but industrial and agricultural education also among them. I am also with him in desiring to see more students of the community take advantage of higher education. He will be glad to hear that my generous friends, the Birlas, have given 25 scholarships of Rs. 15 each for depressed class students at the Benares Hindu University (Hear, hear and Applause) and students receiving the scholarships are receiving instruction not merely at that University but also in Bengal and in some places in the United Provinces. I regret that their number at present is very small. If my friend will let me have the names of students who desire to take advantage of these scholarships, I shall be thankful to him. But that is a mere drop in the ocean. I wish there should be a thousand scholarships all over the country for students of the depressed classes, and I wish they should be given every facility to receive technical and industrial education. In addition to general education such facilities are available to them in the Benares Hindu University in the Industrial Chemistry Department and in the Engineering Department, and I shall be glad to take several more students there.

**Mr. K. Ahmed:** What about their social education? Do you mix with them?

**Pandit Madan Mohan Malaviya:** I meet with them with not less pleasure than I meet Mr. K. Ahmed. I meet with them not with less pleasure than I meet any other Member of this House. Let my Honourable friend know, Sir, that they sit in the classes of the Benares Hindu University where my own son sits, and where the sons of other high-caste Hindus sit to read. The best thing would be for my friend to honour the University by a visit some day and find out for himself how boys of the depressed classes are treated there.

**Mr. K. Ahmed:** Will you dine together?

**Pandit Madan Mohan Malaviya:** You think of nothing except dinner. (Laughter.) I think of other things. We can live for other things than dinner. If I can honestly serve my fellow-men, I think I shall be more happy than if I dine with them and harbour an unfriendly intent against them.

While I am on the subject of education, I desire to express my sincere satisfaction at the provision that has been made in the Budget for it. I congratulate my Honourable friend Nawab Sir Abdul Qaiyum on the grants that have been made for the Frontier Province. I entirely agree with him in desiring that those grants should be supplemented by provision for

[Pandit Madan Mohan Malaviya.]

industrial and technical education so that cottage industries may be introduced and the people of that part of the country may be able to earn an honest living. They are a fine people and if they receive education they will render as good an account of themselves as any other people in any part of India. At the same time, Sir, I wish that the provision for higher education in the Budget were larger than it is. I do not wish to dwell upon it here because when the Demands are made the subject can be more appropriately dealt with, but it is a matter to me of sincere regret that during the many years the Government have been recording surpluses and spending money liberally in so many other departments, the provision for helping University education under the direct management of the Government of India has been invariably poor.

Now, Sir, there are many other matters in the Budget which call for comment, but my time will not permit me to deal with them. I only want to deal with a few points which are of outstanding importance in this Budget. I wish we could realise the picture of future prosperity which the Honourable the Finance Member has put before us of the masses of the people. The masses of the people, Sir, are living in a state of penury and very great distress in many parts of the country. When I look at these costly buildings on which more money has been spent than should have been, and when I think of the people living in villages within a mile or two of Delhi, Imperial Delhi, my heart sinks within me. I wish that there had been much less extravagance shown by the Government of India in building this city and that far more money had been found to promote nation-building services in the country. It is most unfortunate that that is not the position to-day. While there is grinding poverty oppressing the large mass of the people, while the national average income has not been rising, but many of us believe has been going down, the expenditure of the Government has been steadily growing, as my friends who have spoken before me have shown. While civil expenditure has been growing—it has grown enormously—military expenditure has not been reduced to the extent it should have been. I was saddened to hear the remarks of His Excellency the Commander-in-Chief, supported by the remarks of the Honourable the Finance Member, that the minimum figure had been arrived at and that there was no hope of military expenditure being reduced below Rs. 54.92 crores, where it stands at present. Sir, this is a pronouncement which will cause very great disappointment in the country, because we have been expecting that military expenditure would be brought down to at least 50 crores. We thought that this was long overdue, that it should have been brought down to 50 crores some years ago, and therefore when we find the Honourable the Finance Member and His Excellency the Commander-in-Chief both agreeing that it cannot be reduced below that figure, but that on the contrary it might go higher, I feel very much oppressed. I do not, however, think that in reality the fact will turn out to be as hard and as bad as the opinions of the two Honourable Members would lead us to believe. We had a settled fact in the partition of Bengal and even that became an unsettled fact. I venture to think that the opinion of Government in this matter will likewise undergo a change and that in the course of the next few years the Government and the Assembly will combine to bring down the army expenditure to at least 50 crores. I think it should be much lower than 50 crores, but we have first to work up to reduce it to 50 crores. If the Government would earnestly endeavour to see that expenditure brought



down, further they would, I am sure, find room for reduction, without reducing the strength of the army, without making equipment inefficient. I agree that it is not right that equipment should be made inefficient. But is it not possible to reduce expenditure by substituting Indian for European soldiers in the army? I am not asking that presently all European soldiers should be sent back to England. I am only asking that there should be a reduction of their numbers and I submit that there is nothing in the circumstances of the country to justify the view that the number of British soldiers cannot be reduced at present.

**Mr. K. Ahmed:** How will you suppress communal riots?

**Mr. President:** The Honourable the Pandit may well ignore all these interruptions.

**Pandit Madan Mohan Malaviya:** That is exactly what I wish to do, Sir, and I am grateful to you for suggesting it.

The British soldier has his legitimate work to do when there is a war going on and to keep himself ready for it when it should arise, but there is no need and not much use for him in these unfortunate communal riots. Those riots can be put down by the Indian policeman, and they can be prevented by the Government and the leaders of the people acting together. It is a matter for deep regret that they have not been so prevented in many places. I regretted to hear of the incidents that took place the other day in Barisal. To prevent the recurrence of such sad incidents is a sacred duty which lies upon the officers of the Government and the leaders of the Muslim and Hindu communities. I confess we have been very much to blame for not attacking this problem seriously. I regret that not many of us have spoken out freely and fully to condemn acts of lawless violence, whoever might have committed them. The duty lies upon us all residents of India, Hindus, Muhammadans and Europeans, to tell fellow-citizens when they err that they have erred and to try to lead them to a better, a higher way of life. I regret to think that enough has not been done in this direction, and I wish that more would be done. But, Sir, the question whether the present number of British soldiers should be reduced has to be considered independently of this consideration. I submit that it is not necessary to keep up the present strength of the British soldiers in the army because there are occasional communal riots. Riots take place in other countries also in the world, and until education has been made universal, until children at school are taught lessons in patriotism, until every respectable man has learnt to stand up to prevent lawless violence both by precept and examples, until then such riots will take place. But that is no reason for keeping up the present strength of British soldiers in the Indian army.

The other outstanding feature of the Budget which has rightly received great attention from the Members who have spoken before me is the question of the rate of exchange. Everything hangs upon that and the question is whether this Budget will stand as it is or whether the Honourable the Finance Member will revise his calculations on the basis of a 1s. 4d. rupee. Now, Sir, it is really unfortunate that this discussion on the Budget comes on before the discussion on the ratio question has taken place, but I recognise that it is no good dwelling upon this any longer. I wish, however, to draw the attention of the Honourable the Finance Member to a few facts. We all know that very active canvassing has been going on among the Members of this Assembly to persuade people to adopt either the one or the other view. I have no complaint to make against that;



[Pandit Madan Mohan Malaviya.]

every man who believes that a particular course will be for the good of the country and the people is entitled and is under a duty to try to persuade his fellow-members to that view, but I do wish that every Member who approaches this question should discuss it with a sense of the solemn importance which attaches to it. I wish to say this, Sir. I have endeavoured in my own humble way to understand the question, and if I am convinced even at this moment that the ratio of 1s. 6d. is the proper ratio for my country and my people, I would most wholeheartedly support that ratio, but the whole of my study of this question, and I ask my Honourable friends to believe that I have given some study to it, has led me to the conclusion that the 1s. 4d. rate is the right rate and that the 1s. 6d. rate will mean great disaster to this country. Now this is not the time when I should go into it in great detail, nor do I do so also because many friends who have spoken before me have done this very much better than I am able to do. But I ask my Honourable friend the Finance Member to take it from me that it is not a settled fact with us, that most of us are not yet pledged to a particular view. If we find that the facts which have been put before us are answered, if satisfactory replies are given, if our intellects are satisfied, he may fully expect support from this side; and I would ask him to do what we are prepared to do. He has taken up an attitude which to my mind is still encouraging. The Budget is not so alarming if the figures are revised on the 1s. 4d. basis, as was apprehended it might be, and the attitude which the Honourable the Finance Member has taken up in presenting the Budget leads me to hope that he will review the situation in the light of the opinions placed before this House, and if he finds that the truth is with his friends, that he will stand with the truth and with his friends.

Now, Sir, of the few points to which I would invite attention, one is the assertion made by two Honourable Members of this House who can be regarded as men who understand this question better than many other Members on my side. There is the Honourable Sir Victor Sassoon and there is the Honourable Mr. Ghanshyam Das Birla. Both of them have told the Honourable the Finance Member that he has taken 64 crores more in the last three years than appears on the surface. That is a statement the correctness of which has been supported by figures which the Honourable the Finance Member, if I understood him correctly, said were correct, the figures which were quoted by Mr. Chetty. The second fact is that there has been a deflation of Rs. 30 crores during the last 12 months. This deflation has not yet been explained on any other supposition than that it was resorted to in order to maintain the ratio at 1s. 6d. Now, Sir, those are two facts which stand out prominently and which call for explanations. I wish further to point out that, whenever an attempt has been made to artificially raise the value of the rupee, there has been a protest made against it, not merely by Indians, but by some of the best Englishmen. I wish to point out to the House that this is not a question over which anybody can dogmatize. This is a question which affects the people most vitally.

**Mr. President:** Order, order. I would like the Honourable Member to conclude his observations now.

**Pandit Madan Mohan Malaviya:** I will, Sir. Will you kindly give me a few minutes more?

**Mr. President:** The Honourable Member will conclude within two minutes.

**Pandit Madan Mohan Malaviya:** I will. I wish to point out that when it was proposed to close the mints to the coinage of silver and artificially to raise the value of the rupee, the *Statist of London* wrote an article against it on the 5th of November, 1892; and the Honourable Sir Dinshaw (then Mr.) Wacha quoting it in his speech at the Allahabad Congress in that year, said:

“If the purchasing power of the rupee were raised by 20 per cent. or anything like so much, (you have only to substitute 12½ per cent. for 20 per cent. here) the land tax would be raised in exactly the same proportion, for every rupee would then represent 20 per cent. more of the produce of the ryot's land. Similarly the rents of houses and lands all over India would be raised to the same extent. All the other taxes payable to the Government would likewise be raised. So would all debts due at the time the change was made; in other words, every banker and capitalist, as well as every usurer, would find his property, so far as it has been lent out to others, increased 20 per cent. while every debtor throughout the length and breadth of India would find, his debts augmented in the same way. The result, therefore, would be that the Government, the official classes, bankers, landlords and usurers would all receive 20 per cent. more of the property of the vast population of India. There would be a sweeping transfer of property from the producing working millions who create the wealth and make the prosperity of the Empire to the servants of those millions and to the parasites who prey upon them. We would ask any sane man whose brain has not been meddled by currency disquisitions beyond his capacity, whether this is a project that ought to be listened to for a single moment? Whether it is to be thought of that the whole strength of the British Empire should be used to impoverish the hard working millions, and to enrich usurers and Government officials? And if it is not, we would urge upon public opinion to reject so monstrous a proposal with contumely.”

Mr. Dadabhai Naoraji giving his evidence before the Fowler Committee in 1898, said:

“The closing of the mints was illegal, dishonourable and a despotic act. It is a violation of all taxation Acts, by which there was always a distinct contract between the Government and the tax-payers based upon the fundamental principle of sound currency, i.e., of a certain definite rupee.”

Mr. Darling of the Punjab, who is a well known friend of the agriculturist, only the other day, wrote:

“The drawback of the 1s. 6d. ratio is, that in benefiting the consumer, importer and creditor at the expense of the producer, exporter and debtor, it is likely to operate to the disadvantage of the agricultural community, that is to say, to the disadvantage of the majority of the country. To take but a single instance, the rise in the gold value of the rupee from 1s. 4d. in 1917 to 1s. 6d. in 1925 added 12½ per cent. to the gold value of India's agricultural debts, so far as the latter was incurred before 1918. The importance of this is evident from the fact that this debt has been estimated at 600 crores.”

I could give more such quotations if time permitted, but I shall just draw attention to one other very important fact. The Babington-Smith Committee was appointed in 1919 . . .

**Mr. President:** Order, order. The subject of the Babington-Smith Committee is a very big one and the time of the Honourable Member is up. I expect the Honourable the Pandit to co-operate with the Chair in keeping Members to the time limit.

**Pandit Madan Mohan Malaviya:** I will finish in a minute, Sir.

**Mr. President:** I would like the Honourable Member to conclude his observations as soon as possible.

**Pandit Madan Mohan Malaviya:** It is well known that Mr. Dadiba Dalal, who was a member of the Babington-Smith Committee, recommended that the ratio should be fixed at 1s. 4d., and I should like to invite the attention of the House to only two of his recommendations and close my remarks. He recommended:

4 P.M. " (1) That the money standard in India should remain unaltered; that is, the standard of the sovereign and gold mohars with rupees related thereto at the ratio of 15 to 1;"

and

" (2) that the gold mint at Bombay to be continued and to receive gold bullion from the public and to coin free of charge gold mohars of the same exact weight and fineness as the sovereign and to hand them over to the tenderers of gold bullion in less than 15 days."

Those, Sir, are the conclusions to which I have come by the careful study I have made of the question, and I hope that every Honourable Member who feels an earnest interest in the welfare of the people of this country, and I feel sure every Honourable Member does, will give this matter his most solemn consideration before arriving at a decision on it.

**Mr. Sarabhai Nemchand Haji** (Bombay Central Division: Non-Muhammadan Rural): Sir, in offering a few remarks in course of this general discussion on the Budget, I would like to supplement the few remarks that fell from the Honourable Mr. Chetty with reference to the form in which the Budget is presented. Attention has often been drawn to the fact that the various heads of Demands that are presented to us are not placed in a proper and scientific form which will enable a reader to form, at a glance, an idea of the principal heads under discussion; but I do not wish to take too much time of the House with a discussion of this question; therefore, I would merely suggest that the Honourable the Finance Member might consider the desirability of having all these heads of expenditure put under three main headings, namely, the heading dealing with national defence, the heading dealing with subjects under national administration, such as those under Numbers of Demands 16—22 and 27—44, and lastly, the heading of national development, dealing with Numbers of Demands 23—26 and 45—69. That much, Sir, with regard to the headings under expenditure the details of which could be easily worked out by the Finance Department. I would now like to say something about the headings under revenue which could very easily be classified on any principle that the Honourable the Finance Member chooses, namely, that the taxes are direct and indirect or to make the classification more detailed and in view of the peculiar nature of our income that certain heads were taxes from income, that others were receipts from public monopolies or commercial services, and that the miscellaneous receipts be given whatever heading is considered desirable. All that I wish, Sir, is that, we should be able, when we open the relative pages of the Demands for Grants and other papers, to get an impression of some sort of a scientific classification which we miss to-day.

Since I am on this subject of the form of presentation of the Budget, I would also like to draw the attention of the House and of the Honourable the Finance Member to the date of such presentation. We, in this

country are so far merely following the English practice in having our year ending with the 31st day of March,—a system which has definite advantages in England, but at this moment, I do not want to go into the details of this subject; I would, however, suggest for the consideration of the Honourable the Finance Member that, considering the seasonal character of the trade conditions that prevail in India, it would be better if some other more natural date were fixed, for the commencement of the fiscal year, say, the 1st of October, or even the 1st of November, that is, after the monsoon is over.

Coming now, Sir, to the discussion of the Budget proper, I find that so far as the figures presented to us are concerned, we suffer under all the three heads on which I propose to make a few remarks:—First of all, Sir, we find that a large amount of our poverty is the result of our military expenditure. It is a subject which has been very much discussed by public speakers and writers in this country and it is also a subject which has been discussed in the course of this general discussion. My only contribution to the subject would be, Sir, to say that I think it would be possible, if the authorities have only the will, to reduce the Military Budget by at least a few crores, if, as the Honourable Pandit Madan Mohan Malaviya suggested just now, the system of Indianization is introduced. After all, Sir, the army consists of the personnel and equipment. We all want that our army in India should be as well equipped as the most modern army in Europe, but along with better equipment, it should always be possible to reduce the number of men required. That being so, we could surely effect considerable economy if the numbers were reduced; we could also effect further economies if the numbers of Europeans were reduced and the numbers of Indians increased. Moreover, Sir, in this connection, I would point out that in this country we have not got in our military forces the system of an active list and the reserves, a system which prevails in a large number of the European countries to-day. You will find that in the case of France the reserves are as high as four times the number of the daily strength of the army. In the case of Germany, the number of the reserves is over five times the number of the ordinary strength. Now, this happens in a country where, as we all know, a large portion of the national expenditure is made with regard to the army and yet it will come as a surprise to the Honourable Members that the cost per head of the soldier in France and Germany is lower than the cost in this country. It should be possible therefore to have a proper policy not merely with regard to the personnel of the active army but also with regard to the reserves. And in addition to all these points, it should be possible to reduce the military expenditure in India by following a general policy which will have two different phases. In this country, so far as the military expenditure is concerned, we do not seem to have anything like a peace policy. It is admitted by practically every one that the army in this country is always kept on a war footing. Now, that is a state of affairs which does not prevail anywhere else and there is no reason why such a state of affairs should prevail in India, and one of the reasons why we in this country fail to differentiate between the war strength and the peace strength of an army is to a large extent in my opinion due to the fact that we have not got a civil head of the military which is the constitutional practice by which the military expenditure is controlled and governed in various countries of the world. How far this system is desirable will be known

[Mr. Sarabhai Nemchand Haji.]

to the Honourable gentlemen who must have followed in the old days the discussion arising in the course of the Curzon-Kitchener controversy. How far Lord Curzon was correct in insisting upon a civil control of the military was established when, as a result of his policy not being followed, you had troubles with regard to the Mesopotamia campaigns, and though it is now true that some effort is being made to have collaboration of the civil side with the military by having the Army Secretary, I suggest, Sir, that the time has arrived, if Indian expenditure is to be reduced on the military head, when the whole subject of the Indian Army and Defence should be placed under a separate Executive Councillor, a civilian and if possible an Indian, so that under the new auspices we might have normally an army required according to our peace necessities, we might have a growth in the Indian personnel and we might thus bring about great economies in the maintenance of that army. As I said before, that is a head under which we might save a lot of money.

And now I come to my second point, namely, that we are not so strict about getting the full amount of our dues from the heading of taxes from income as we should be. In this connection, I want to draw the attention of the Honourable House and of the Honourable the Finance Member to the facts which have been divulged and which are referred to in the Report of the Taxation Inquiry Committee. Various persons get exemptions from the Indian system of income-tax and these exemptions, I submit, are such that they could very well be brought in under the Indian system and collected to the lasting benefit of the Indian revenues. It is usual, Sir, to exempt the income of people resident in other countries who are deriving their income from Indian sources. It is also usual not to tax the income accruing in other countries of persons who are resident in this country. Moreover, no tax is charged upon the interest which accrues on the sterling securities; nor is any tax levied upon the profits of foreign firms which have only branches or agencies in India. And lastly, no tax is charged upon the Indian earnings of foreign shipping. All these matters, I might say, without going into details, are matters which show clearly that there is, in the assessment and collection of the Indian income-tax, an unwholesome application of the principle of British preference,—which is injurious to the economic interests of India—because, you will find that a large number of people who benefit under these heads and whose incomes are exempted under the present day system are as a rule Europeans largely resident in Great Britain and Ireland and to a small extent resident in other parts of Europe. When we find that we lose as a result of this neglect of duty about 5 crores of rupees every year, the House will readily understand why it is necessary that we should not allow such a good source of income to go unutilised. Of course I know we will be told that international agreements do not allow of double taxation. But, Sir, if double taxation in some cases is not to be levied, why should India give up her share and not the other countries in which the income is spent? So much, Sir, with regard to the second point I wanted to make, namely, the addition to our revenues which we might get if we properly put into operation the various sources which are open to us to-day.

Lastly, Sir, I would like to draw the attention of this Honourable House to the third main reason why this country continues to be poor.

I have already given you the first two reasons, namely, that the military drain is very large and secondly that we do not make as large an income as we should out of our existing system of taxation. Lastly, Sir, Government is utterly callous to its functions in so far as the development of the industries and commerce of this country are concerned. The national activities under these heads may be divided into the agricultural industries, the manufacturing industries and what I might call the commercial industries. Now, we will find on an examination of each one of these heads that the Government has done very little, except perhaps to institute inquiries. Take, for example, the case of the agricultural industries. We find that at last—I do not know after how many years of British rule and after how many years of agitation in the country—an Agricultural Commission has been appointed. I do not know what action will be taken on it, but at least it is gratifying to know that a Commission has been appointed. But my charge against the Government is that Commissions were not appointed earlier and that very little has been done so far to enable India to earn more money under the agricultural head. Almost the same might be said of the manufacturing industries, but there, of course, the story is a bit brighter. We find that Government has done something in order to establish the iron and steel industry in this country and the policy of protection is being followed in other industries after due investigation by the Tariff Board. But in regard to that matter even, is it not a fact, Sir, that for years together our Industrial Conferences pressed and our public platforms asked for a policy of protection, and it was only under the auspices and the pressure of this Assembly that the Fiscal Commission was appointed and its recommendations accepted by the Government and the policy of developing Indian industries by means of protection was adopted. Lastly, I come to what I call commercial industries, banking, shipping and insurance. So far as insurance is concerned, we all know that a large portion of the profits under this head leaves the country. We should, therefore, have in this country legislation similar to that existing in Canada and elsewhere and we should adopt a system under which the profits of these activities would remain within the country. Secondly, with regard to banking, we find that very little has been done to develop Indian banking, and only the other day when I put forward my Resolution with regard to an enquiry in connection with this subject, I was asked by the Honourable the Finance Member to withdraw the Resolution. Now that it is difficult to find time to finish that discussion which was initiated when the Resolution was moved, and the Honourable the Finance Member has told me that unfortunately there is no time for further discussing that subject during the present session—I hope that if there is no time now for further discussing that subject, no time will be lost in instituting a banking enquiry along the lines I have suggested. Lastly, I come to the subject of shipping, and there are very many things to be said. . . .

**Mr. President:** I know that it is the pet subject of the Honourable Member. But he must know that he has only half a minute left.

**Mr. Sarabhai Nemchand Haji:** Then, Sir, with your leave, I propose to resume my seat.

**Mr. W. S. Lamb (Burma: European):** Sir, I desire within the short time at my disposal to talk about Burma, and rising as I do at this late

[Mr. W. S. Lamb.]

hour, I may express the hope that the Honourable the Finance Member will be better able to bear in mind the few remarks that I am about to make. I shall come in due course to certain questions which are controversial, but before I do so, I should like to render my thanks to the Honourable the Finance Member for the remission for the year to come of the provincial contribution. For myself, my sense of satisfaction and gratitude has been somewhat diminished by the considerations which were so ably put before the House yesterday by the Honourable Member from Madras. I listened to his speech and his closely reasoned arguments with real pleasure, for I feel with him that in submitting to us the figures showing the debt reductions of the Central Government I think considerable credit might have been given to individual provinces, and in particular, to Burma. In the matter of hides and the remission of the duty, I am not with our Honourable friend Mr. Prakasam. The hide business in Burma has been almost irretrievably ruined by this hide duty and the news of its remission will be received in Burma with very great relief. For once, Sir, there is one particular duty which Burma practically alone "enjoys". I am referring to paragraph 41 of the Finance Member's speech in which he tells us:

"There will be found included in the Finance Bill a provision for removing to the list of articles which can be imported free of duty rubber seeds and rubber stumps which are at present subject to a duty of 15 per cent. *ad valorem*."

It might be held that there is a little window dressing in this paragraph. Conceivably provincial readers might conclude that this means something in the nature of a windfall for Burma. I am led to make this remark from the fact that our Honourable friend Mr. Jammadas Mehta in speaking of Christmas presents included this duty with others and seemed to think that it is possibly on the same lines as the remission of the tea duty; but as the Honourable the Finance Member has said the duty has been inconsiderable. To do justice to the Honourable the Finance Member I may say that this duty has been very much resented by planters in Burma. In its operation a thing like this may happen. 20,000 stumps may be despatched from the Straits to Rangoon and on arriving in Rangoon 15,000 stumps may be found unserviceable, but they have to pay the duty on that 15,000. For that reason planters will be very much gratified by the remission of this duty. I now proceed to say something about the financial relations between the Central Government and Burma and to express my own feeling about those relations. I may say that as I go abroad in India and see broad highways and noble bridges and edifices and when I sit in my place here and hear talk of surpluses and redemptions of debt, I have two words ringing in my head "Burma money—Burma money". This morning our Honourable friend Mr. Haigh told us that in discussing the Meston Award some years ago he and his friends went to zoology for certain terms for describing their colleagues. I do not know whether my Honourable friend Mr. Tonkinson would use the term "milch cow" in relation to Burma. I do not like the term because the milch cow is at certain periods entirely dry. Burma from that point of view is never dry. For evidence of that and for justification of the feeling I have I think one need not go further than the rice duty. Honourable Members will find if they turn to the yellow book that in the year 1925-26, for which we have actual figures, this duty produced for the Central Government in Burma alone Rs. 1,19,68,142. Sir, that is a

very large sum to take out of any province and I should like to show Members in what manner Burma is affected and in what degree the Central Government's funds benefit, and not merely that, but the profit which goes to every province in India which has rice to export. Sir, in 1925 a certain Resolution was passed in the Legislative Council of Burma, and in terms of that Resolution and as in duty bound the Burma Government addressed the Central Government in the matter of this duty. They represented that either it should be withdrawn or that the funds that accrued from that duty should be given to Burma. In submitting their appeal the Burma Government went very exhaustively into the figures, and I should have been quite happy to have seen a copy of their communication in the hands of every Member here. Later perhaps when we may have more time to discuss Burma affairs, it may be possible or desirable to arrange this. To-day, I shall content myself with giving them one or two extracts. Let it be said, Sir, before I come to figures, that the Local Government differs from the Central Government in its view of the incidence of this duty. We in Burma say that because Burma has no monopoly of the production of rice, this duty falls upon producers. The Central Government on the contrary hold that the entire cost of that duty will fall upon the consumer and not upon producers. In support of their view they quote the Indian Fiscal Commission and the Taxation Inquiry Committee. We on our part consider that we are supported by the Secretary of State, and I should like to quote what he said in the matter. In 1912 the Burma Government had considered the possibility of putting a small cess upon rice in addition to the duty which already existed and the matter was submitted to the Secretary of State. In their Despatch the Secretary of State in Council pointed out:

"The essential difference between an export duty on a commodity of which the exporter holds a direct monopoly and a similar duty on an article which has to compete with the produce of other countries."

In the former case they remarked:

"of which the small export tax imposed on jute is a good example, the importer must pay the duty or go without the commodity. In the latter case the result of an export duty is to handicap the exporter in his competition with foreign countries."

And they added:

"In the case of rice it cannot be said that Burma has anything approaching a monopoly of the trade."

That was the view of the Secretary of State in 1912. Now, Sir, proceeding on the assumption that their view is the correct one, in this communication to the Government of India the Burma Government quoted from a note under the budget head prepared some time before, and this is what they said. In the notes under budget heads by Mr. S. A. Smith, on which Sir Reginald Craddock's minute was based, it was stated, on the assumption that the whole of the tax is borne by the producer:

"that it constitutes an additional impost of the nature of land revenue amounting in 1915-14 on direct exports from Burma to an incidence of Re. 0.89 per head of the entire population—an amount greater than the incidence of the whole ordinary land revenue in Bengal or Bihar and Orissa—and an incidence of Re. 1.33 per head of the population engaged in ordinary agriculture."



[Mr. W. S. Lamb.]

That is for the year 1913-14. That, Sir, I submit, is conclusive, and the figures apply with even greater force to-day when we remember that the 1925-26 actuals represent Re. 1 per head of the whole population in Burma proper. So much for the central revenue. Another comparison which the Burma Government have made may be read:

"For the year 1923-24 the export duty on rice amounting to Rs. 92,50,914 represents a sum equal to 23.76 per cent. of the total land revenue actually secured by the province proper."

23.76 per cent.: this compares with the next higher province, namely, Bombay, whose figures on the same basis of comparison were 4.84 per cent. But, Sir, it is not merely that the central revenues benefit to the profit of all the provinces; here is also the fact that the Burma exports to India enable producers to send rice out of the country, and I think it is a fact which can be proved to demonstration that if Burma had no surplus the producers of rice for export from India would be very seriously affected, if they were not entirely washed out. To give Honourable Members some idea of this, I will again quote from a letter of the Government of Burma. They showed that during the 20 years 1904-5 to 1923-24 Burma exported to India 12,956,339 tons of rice and 2,955,606 tons of paddy, an average for the 20 years, of rice 647,817 tons, paddy 164,200 tons yearly. I cannot in the time at my disposal say all that I should like to say. I suggest that these figures speak for themselves of the severe handicap under which Burma is labouring and moreover of the enormous benefits which accrue to India in general out of that rice duty. Honourable Members will readily guess what the response of the Central Government was. I should not be speaking now if the reply had been favourable. We had a reply in September last which was unfavourable, and I suggest it is significant of the attitude of the Central Government towards Burma that in September of last year, the Honourable Mr. Brayne, speaking for the Central Government, told Burma that the Central Government could not agree either to remit this duty or to give it to Burma; and one month later the Honourable the Finance Member, when he met the Burma Chamber of Commerce, addressed them in these words:

"If the reforms in India were to be worked as they were intended to be worked, it must be for the Provincial Governments, each of them, to develop its own resources and its powers of taxation."

Sir, may I ask the Honourable Member what he leaves to Burma? Sir, in this matter of the relations of Burma and India, I suggest that you will find a clue to the attitude of the Central Government on page 69 of the yellow book. Here it is stated in paragraph 3:

"Burma is treated separately as it is a self-contained province and is out of India."

"Out of India," and yet, Sir, it is impossible for us, who are now considering the much vexed question of separation from India,—it is impossible for us to get a statement of what is owing by Burma or what is considered to be owing by Burma to India, that is, of what nature would be the settlement if we came seriously to consider separation. Racially, constitutionally, geographically different—there are these and other sound reasons why you should consider the separation of Burma from India.

But, however strong these reasons may be, however insistent may be the circumstances, or possibly the cry of "Burma for the Burmans," however urgent this and that may be, we cannot seriously consider this question until we have a proper appreciation of what it means financially. I think it will be wrong to consider separation merely from the point of view of the financial merits of the case, but as prudent people naturally we should know exactly how we stand. The Burma Government have tried unsuccessfully, the Burma Chamber of Commerce approached the Finance Member equally unsuccessfully. It is impossible, it is said, for the Central Government to give Burma the figures which they are attempting to get out of them. They say that the figures we have produced are not accurate, but do not offer anything as a substitute. I suggest to them, Sir, that in considering the ratio question, no doubt the figures they have taken into consideration have been all embracing. Surely with these in front of them they might arrive at some conclusion.

**Mr. President:** I would like the Honourable Member to bring his remarks to a close now.

**Mr. W. S. Lamb:** In two minutes, Sir. I was merely going to suggest that with these figures before them it should considerably help in giving Burma the figure which she wants. Further, in the Devolution Rules it is laid down that for Burma it would be  $6\frac{1}{2}$  per cent. of 90 per cent. That is a definite figure, not such as is put down, I think, for any other province, the figure being to represent Burma's proportion of any debt or deficit. It seems not an unreasonable supposition than in making that definite figure for Burma those who framed the rules had in mind eventual separation. Sir, in conclusion, I cannot expect very great sympathy from the Honourable the Finance Member in the matter of the rice duty. But I would put it to him that within the next year or two, we in Burma will have to submit our ideas to the Statutory Committee. Naturally in considering those matters, separation is distinctly one which will come before us and we cannot properly regard and consider this question of separation without the figures for which we have asked.

**Haji Chaudhury Mohammad Ismail Khan** (Dacca Division: Muhammadan Rural): Sir, for the fourth time in succession, the Honourable Sir Basil Blackett has presented a prosperity Budget, and I offer him my sincerest congratulations on this achievement; but at the same time I cannot congratulate the Government on the policy, the studied policy, of starving the nation-building departments. Sir, the Government by its utter disregard for education, sanitation, agriculture for the 150 years of British rule in India has lost all claim to the sympathy of the people of India.

Sir, if the Government had seriously thought about these matters they could have made considerable progress by this time. They want to make a beginning in 1927-28, but they have a most niggardly way of proceeding in the matter. Sir, they have provided for education only about 30 lakhs for non-recurring expenditure and a recurring expenditure from 4 lakhs to rise up to 10 lakhs in five years. This, to my mind, is nothing but a drop in the ocean. If they wished to do something real they should have made a good beginning by allotting more funds and making a programme which in five years' time would have given the whole of India compulsory primary education. Now, here I may be asked by the Government where is the money to come from. Sir, it is not difficult to reply to that question.

[Haji Chaudhury Mohammad Ismail Khan.]

The Retrenchment Committee recommended the reduction of military expenditure gradually to 50 crores. But in the next year's army estimate we find the figure to be near about 55 crores. Sir, as we all know, the frontier has been made sufficiently strong to protect India from foreign invasion. In the circumstances I do not think that there is any necessity for keeping such a large standing army in India unless it is required for the protection of Imperial interests. Sir, this is proved by the recent despatch of Indian troops to China, where India has no interest. To my mind, Sir, the Government could have easily brought down the army expenditure by a few crores and thereby made that sum available for expenditure on compulsory education in all the provinces. They could have also done away with the iniquitous duty on salt altogether, while on the subject of Army reduction I would request the Government to take early steps to re-organise the Territorial forces as recommended by the Territorial Forces Committee and thus save India the necessity of maintaining a large standing army.

Sir, I should now like to make an observation in regard to the export duty on hides. While approving heartily the abolition of this duty I must say that there should have been a corresponding increase in the import duty on finished leather goods. The reduction of the duty on hides will stimulate the export of raw hides from India and will encourage the import of finished leather goods at a cheaper price thus competing unfavourably with the young leather industry of India.

Before I sit down, Sir, I wish to appeal to the Government to cheapen postage stamps as the present rates entail great hardship on the masses of India. The Honourable the Finance Member has proved himself to be the rich man's friend by the abolition of the export duty on tea and the reduction of the import duty on motor cars, but he has done little to relieve the burden of the poor millions of India.

**Mr. S. Srinivasa Iyengar** (Madras City: Non-Muhammadan Urban): Sir, if I rise to intervene at this annual ritual, it is to express my most emphatic dissent from the principle and policy of the Budget which has been presented to this House.

I really cannot understand what right I have got to express any opinion upon items which are given as non-voted items. When I find only 31 crores out of 125 crores of expenditure are regarded as voted items, and when those items are just the items which are the most useless to vote upon, and the items which really are most important, namely, the superior services and other items of the most vital descriptions, are taken out of the vote of this House, it is really impossible for one like me to take this Budget with all the seriousness with which it was propounded on the opposite side by my Honourable friend, the Finance Member. He told us last year—I happened to read his speech last year—that Indians were guilty of uneconomic tradition and he quoted Professor Rushbrook Williams as his authority. That is the only point upon which I happen to agree with him, because I consider that Members of this House have shown what in my part of the country would be called *Dakshaniyam*, that tenderness to the Finance Member and the transactions of this Government as disclosed in this Budget. I find that the day is still distant when it is possible for men like me really to do business with the Government. I cannot find that it is possible for anyone to discuss the principle of this Budget as rules

relating to the Budget require us to do, for what is the principle underlying this Budget? Is the Indian point of view, which should be the only principle, kept in sight throughout as it should be? In major items of expenditure, in the way in which the taxes are disposed, or the mode in which the budget is presented or in the grouping of the items, or in the order in which the budget heads are put, I find the Indian point of view is not kept. If there is one thing I should consider as a principle of a government budget, it is that the budget should be so framed as to produce the greatest happiness of the greatest number. That is the utilitarian philosophy which the modern world has accepted. Does the Budget promote the greatest happiness of the greatest number of the citizens of this country? I say clearly not. It is intended to promote the happiness of the fewest possible persons and those not necessarily Indian in outlook or interest, for what do I find? 44 per cent. of the expenditure is devoted to military purposes. It was stated by Sir Basil Blackett on the 7th of July, 1924, in his speech to the Indian Merchants Chamber that an unduly large proportion of the revenue is spent on the defence of the frontier. Simply because it has been reduced by one crore now it does not become the correct proportion of the expenditure. I liked from my point of view to hear the statement which was made by His Excellency the Commander-in-Chief as well as that by the Finance Member to the effect that no further reduction will be made in the military expenditure. There has been a weakening of the national forces in the country and the necessary stiffening has been provided by their speeches and by this Budget.

Sir, the point that strikes me at the outset is this. Has the Budget been presented to the House in the way in which it should be presented? When the maximum number of days that could be allotted are 11 to the discussion of the demands of the General Budget, four days having been consumed by the demands of the Railway Budget, and 15 days being the maximum number of days that could under the rules be allotted, I find only 5 days are allotted by the Government for the purpose of discussing these grants. I do not know on what basis it is done. There are 94 Demands for Grants. Is it to make it appear to us that each grant is a trivial thing or is it for the purpose of bringing almost all the Demands under the guillotine? I say these Demands should be presented within 20, 30 or even 15 budget heads. It would be quite sufficient if there was that number so that discussion could concentrate upon every one of the Demands. These elaborate account heads can be included as sub-heads under each Demand. It is not necessary to present this Budget as consisting of 94 independent grants upon most of which it will be impossible for Members of this House to express their opinions either by token cuts or otherwise within the short space of 5 days. If really a budget is to be presented for the scrutiny and discussion of the House, it must be so presented as to be capable of discussion and almost every Demand should within reasonable limits be capable of being discussed. But if ever a budget was framed to escape scrutiny and discussion, this Budget is of that description. Then, Sir, the order of the grants proposed is also, I submit, thoroughly unworkmanlike. The departments of government should come first and the expenditure under taxes, customs and other things, should come later, so that the Members of the House who have grievances to air or points to discuss in connection with the grants may take up the discussion of the departments first. You, Sir, ruled last year that questions of policy in connection with taxes can be raised only in connection with

[Mr. S. Srinivasa Iyengar.]

the grants relating to departments. Therefore if you take Customs, Salt, Opium and things like that first and the departments concerned next, you really cannot deal with the policy in connection with these various grants dealing with expenditure until you come to the departments controlling this expenditure and the grants relating to those departments may never be reached. Therefore, Sir, I say that neither the number of days allotted for the Demands, nor the number of the budget heads, nor the order in which they are arranged is at all satisfactory. I would appeal to you, Sir, to advise the Government, if you find it possible to do so, so to present the Budget as to enable this House to discuss it with profit. Limited as is the power of this House to voted items which form only one-fourth of the total expenditure, limited as the power of the House is even in respect of these items to table only token cuts or substitute cuts and not to omit motions, limited as is the power of this House in various ways in connection with this matter, I say, Sir, it is vitally necessary that the budget discussion should be adequate to the importance of the subjects which are presented for discussion by this House.

Then, Sir, there is one other matter which I would like to mention. As I read section 67A. of the Government of India Act, it is open to this House not only to discuss these non-voted items but also to vote upon them, though, as I understand, the ruling given in England upon the matter is different. But the language of the section is clear, and it is, I submit, open to the House, if His Excellency the Governor General permits, not only to discuss the non-voted items but also to vote upon them.

These are the general observations upon the Budget that I have got to make. I do not propose to enter upon the budget technique or to go into these figures with any degree of rapture. All that I can say is that so far as the Indian point of view is concerned it is by no means kept in any part of the Budget. If we take the average income of the Indian—which is the only test by which the happiness of the country can be measured as by a thermometer—I find that the average income of the Indian remains exactly where it was. The net income is hardly more than Rs. 48 or Rs. 50 per annum and the gross income hardly more than Rs. 74 per annum; and this average income cannot redound to the credit of this Government but is the saddest commentary upon it and this Budget. The incidence of taxation in this country—I shall not go into the comparative figures of other countries—is, as economists who have dealt with the figures have pointed out (and I find that Sir Basil Blackett has written a foreword to Mr. Vakil's book), just double what it was in the pre-war years. Therefore, Sir, whether you judge it by the incidence of taxation in the country or whether you judge it by the average income of the Indian, which is what we should look at, there has been no progress made and nothing for us to congratulate ourselves upon. The expenditure remains more or less where it was and the taxation remains more or less where it was. Neither is reduced. I submit, therefore, Sir, there is really nothing to be proud of on the one head or the other.

Then, Sir, the only question that has been perplexing me for some time past is this currency question. But upon this question I do not propose to say more than one word. I would refer to Professor Keynes' statement

in connection with the appreciation of the sovereign in England. He says that:

“Mr. Churchill's policy of improving the exchange by 10 per cent. was sooner or later a policy of reducing every one's wages by two shillings in the pound. He who wills the end wills the means.”

And, Sir, if I am in favour of the 1s. 4d. ratio, as I am, it is on the ground that it is as much in the interests of labour in the country as in the interests of anybody else. Because I want labour to benefit whether they are in Government service or in private service, mill labour or agricultural labour, the labourers should have an increase in the money wages over what they have at present. My point of view may be different from the point of view of others, but I say, Sir, it is on that ground that I am clearly in favour of the 1s. 4d. ratio. Sir, I do not propose to go into the other aspects of this currency controversy, for the very impressive speech of my Honourable friend Sir Victor Sassoon supplementing as it did the point of view which was offered by my Honourable friend Mr. Birla, convinced me quite clearly—because they have as much right as the Honourable the Finance Member and others on the Treasury Benches to form their own judgment, and have equal authority and equally good statistical knowledge of the subject—that what they have pronounced on this question in no uncertain voice is absolutely correct, assuming that it is not possible for others to form an opinion upon this subject. I do not say that it is very difficult to form an opinion upon this very common place and common sense subject. I do not consider it as an abstruse or recondite subject; I hope Members of this House will not regard this subject as of an abstruse or recondite character, or treat it as an excuse for, as my friend Pandit Malaviya pointed, succumbing to the blandishments of Government.

Then, Sir, I will only say this in passing, that the growth of unemployment in the country is tremendous. That is the one subject which ought to go to the heart of every one in India. By unemployment I mean the inadequate employment and inadequate pay also, and I consider that the unemployment problem, whether in the lower services or in the Salt Department, or the Customs Department or Postal Department, or of those who have no employment in the cities or villages, is the one problem which the Government of this country ought to face if it is to be called a civilized Government and if it is to discharge any measure of its responsibility which it says it has got. Sir, the unemployment problem has never been specifically dealt with at all by this Government. I therefore think, Sir, that Honourable Members of this House will receive the Budget in the way in which such a Budget should be received, namely, as one totally ignoring the fundamental rights of Indians to a larger life, and that they will not be captured by the cheap phrase of “romance of the 5½ crores in the Ministers' hands” and things like that. I yield to no one in rejoicing that the provincial contributions have been practically abolished, but for that I do not owe any measure of gratitude to this Government, because the plain fact is that these provincial contributions ought never to have been imposed. Not only that, Sir, by the remission of these provincial contributions nothing great is really done. The tax-payer is left where he was. Instead of one exchequer, the Central Exchequer getting all the money, the provincial exchequers are going to get these taxes. Therefore, why Members of this House should grow eloquent over this remission of provincial contributions is a matter which defies my analysis. All that I can say is that the taxation remains where it was,

[Mr. S. Srinivasa Iyengar.]

and instead of one Government spending it, another Government is going to spend it, and the extravagance of that Government or the inequities of that Government may be as much open to condemnation as it is here. I really do not feel that we should be enthusiastic over this. Sir, I have said these few words by way of merely pointing out that we on this side feel that the Budget that is before us is just the kind of Budget we expected. I do like such a Budget because those who feel that India ought to be administered in purely Indian interests and those who feel that the greatest happiness of the greatest number of Indians in India ought to be considered—the only point of view that ought to be kept steadily in view in the transactions of Government—I say those who feel that, have got this year a great and powerful leverage from my Honourable friend opposite. I think, Sir, that it is necessary for some of us not to yield to the tenderness or weakness which occasionally comes over us. I do feel that Indians have to learn to be businesslike, and one of the greatest compliments which we can pay to our friends on the Government side is that we should be as hard-headed business men as they. The more I come in contact with them the more I am impressed with their quality in this respect. Sir, we still lack that requisite equipment, and I hope that equipment will come soon. I do not think I shall be justified in going into

5 P.M. the other parts of the Budget. I have gone through the figures. They tell me a melancholy tale of mere stagnation in all departments of life, and particularly in those departments which are really, as they have been called, nation-building departments. I do not find our industrial progress is great. I do not find that education is really looked after as well as it should be. I do not find that the communal questions are solved as they should be by the Government and the people together. I was so glad to hear Pandit Madan Mohan Malaviya and my friend Mr. Kabeer-ud-Din Ahmed referring to them and I hope that we will soon come together and solve the large communal problems.

I will only say lastly that I very much appreciate the spirit and tone of the speech which my Honourable friend from Madras, Mr. M. C. Rajah, made and I am so glad my Honourable friend, Pandit Madan Mohan Malaviya reciprocated his sentiments. Mr. Rajah will find that people in Upper India are as much alive to the removal of untouchability and to the uplifting of the depressed classes as people elsewhere and if in the province from which I come it is still not sufficiently solved, the responsibility is as much with the Government as with the people and the communities to which I also belong. Sir, that is a matter on which neither the Government nor the communities concerned have any right to rejoice. And if Mr. Rajah felt bound to express his gratitude to the British Government for any relief, I cannot share to any extent that expression of gratitude with him. It is only after the Reforms Act came into operation I find the Government taking some interest in the depressed classes. I hope the grievances of the depressed classes will soon be remedied and they will come into line with the National Party quite as much as anybody else and there will be no difference between a member of the depressed class and any pandit in the land.

With these words, Sir, I again express my most unqualified dissent from the principle of the Budget, for I have failed to see any intelligent policy or any principle in this Budget except the most mischievous principle of keeping us in subordination.



\***Khan Bahadur Makhdum Syed Rajan Bakhsh Shah** (South-West Punjab: Muhammadan): Mr. President, I wish to give expression to my ideas in my native tongue, Urdu. Since yesterday a great deal of enthusiasm has been evinced for the Budget in robust English speeches, and I feel reluctant to deprive Urdu of its due share. The fact of one's agreeing or disagreeing with the details of the Budget, surely cannot reflect on the efficient and painstaking preparation of it by the Honourable the Finance Member; it deserves our sincere approbation, and his pains and labour over it cannot be passed by without applause.

Although the Honourable Member seems to have tried hard to bring the receipts and the expenditure to the same level, yet there is much scope for improvement. The poor subject race of India is being weighed down day by day by the heavy land rentals, irrigation charges and taxation. There are millions of them who cannot afford to have a square meal during the twenty-four hours of the day. In spite of the fact of a constant show of sympathy on the part of the Government towards the rural population, it always enhances the land rentals, irrigation charges and taxation. If the Honourable Member by observing economy in some of the phases of expenditure could lighten the above burdens, to which the poor subjects are exposed, nothing could be more appropriate. Observing the expenditure of the Army we find that the major portion of the receipts is absorbed by that department: when we compare the expenditure of the two forces, Indian and British, the cost of the British troops is as much as seven times or more than that of the Indian troops. Under the circumstances, if Indians were recruited more extensively both as men and officers, expenditure side would be rendered more hopeful. In the last Great War the Indian Army gave adequate proof of its loyalty and valour, and now it cannot be maintained that it will prove inefficient for the defence of the country. The power and integrity of a Government can be established more by winning the hearts of the people than by guns and aeroplanes.

The disturbances and upheaval in the country are mostly due to unemployment and poverty, and the foremost duty of the Government appears to be to procure the means of employment for the unemployed, and remove the conditions of poverty. Consequently it is necessary to replace the British element both in the Army as well as in other departments by the Indian, consisting of a just proportion of Hindus and Muhammadans.

There prevails a religious freedom in India, which is an invaluable gift of the British rule, and even most clashing elements are made to live together; so a discrimination between the whites and the blacks is certainly unjust. The Chaplains and Bishops of the Christian Church are paid out of the royal treasury for their services by the Government, while no such remuneration is paid to the Muslim or Hindu priests.

There are a number of items in the department of Railways which claim our attention. A substantial portion of the receipts of the Railways are derived from third class passengers but no adequate means have been adopted to ensure their greater comfort and convenience.

Particularly to establish amicable relations between the Indian subjects a provision should have been made for at least a crore of rupees, and the amount should have been expended on the tours of a committee composed of Assembly Members, officials and outside leaders, with a view to bring about reconciliation and unity between the Hindus and Muhammadans, as the Khilafat and Swaraj Funds are no more rich enough to carry out such a project successfully.

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\*Translation of a Speech delivered in Urdu.\*



[Khan Bahadur Makhdum Syed Rajan Bakhsh Shah.]

I very much regret to say that the Honourable the Pandit Sahib, the Swarajist leader, the Honourable Mr. Jinnah and the Honourable Pandit Madan Mohan Malaviya made no effort to secure the above amount in the Budget. In view of the Government's constantly showing such a gratification and interest in the prospect of a genuine Hindu-Muslim reconciliation and unity, it was most important that the Government on its own initiative should have reserved a crore of rupees for bringing about this object, and enabling the leaders of the nation to utilise the amount in the best possible ways for establishing reconciliation and unity between the two communities, and thus securing the foundation of Swaraj.

(Several Honourable Members then rose to speak and the Honourable Sir Basil Blackett also rose to reply).

**Mr. President:** I do not know if the Honourable Members desire to go on.

**Several Honourable Members:** Yes, yes.

**Mr. President:** If the Honourable Members desire to go on, the Chair has no objection. I am entirely in the hands of the House. Is there a general desire on the part of Members still to go on?

**Several Honourable Members:** Yes, yes.

(The President then called on Lieut.-Colonel H. A. J. Gidney.)

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, at this hour of the evening, with a very tired House, my remarks will have to be very brief. I join with the rest of the House in offering my sincere congratulations to Sir Basil Blackett for the prosperous Budget he has presented to us. I refrain at this juncture from making any remarks on the Budget except certain aspects of the military expenditure.

**Mr. President:** I hope the Honourable Member will be as brief as possible.

**Lieut.-Colonel H. A. J. Gidney:** I will, Sir. I agree with what His Excellency the Commander-in-Chief and my friend Sir Walter Willson said that under the present conditions it would be next to impossible to reduce the size of the army by a single man or a single rifle. But I agree with Sir Walter Willson when he added that this did not mean we should give a blank cheque to the Army Department for it to use as it likes. I submit that there are measures of economy and retrenchment that could be tapped in the Army Department. I shall however refrain from referring to them till the time when we discuss the Demands for Grants. There is however one aspect of the Military Budget which concerns me more deeply and on which I am glad to have the opportunity of remarking. There is one avenue in which reduction could be effected in the military expenditure and that is, in the military medical services. I have referred to this in detail in my previous budget speeches and I feel I must do so again to-day. The matter refers to the utilisation of officers of the rank of Major in the R. A. M. C. in the performance of junior officer's duties in British military hospitals. I consider this needless expenditure, unfair to the Indian tax-payer, and that great retrenchment and economy could be effected if British qualified I. M. D. officers were used for these junior appointments. I now come to a point of great importance to my community. I refer to its utilisation as a measure of military

economy, in certain ancillary branches of the army. I desire to thank Colonel Crawford for having put a certain question to His Excellency the Commander-in-Chief. When I listened yesterday to His Excellency's reply I can assure you that I was literally staggered. I only hope that His Excellency was taken unawares by the question that Colonel Crawford asked him and that his reply is not the final word on the subject. I am given to understand that this matter is still under the consideration of the Government of India and the Secretary of State for India and I hope that the last word has yet to be said on our employment in the army. His Excellency the Commander-in-Chief in his speech said (1) that he had the greatest sympathy for us in our trouble, (2) that through no fault of our own we found ourselves placed in a most invidious position, (3) he was most anxious to do all he could to help us, but the difficulties were great and were economical ones—the ancillary services are where he desired to employ us—Signal Units, Transport, etc. He further said that the Anglo-Indians were:

“Men who stood by us extraordinarily well from time to time in fact always \* \* \* \* \* but the difficulty is an economical one, and if one can get over that we shall be very glad to take them in. If Anglo-Indians are prepared to come in on the terms on which we enlist our Indian soldiers we would be only too delighted to take them on and do our best for them. but, if we have to pay British rates of pay, it is almost impossible from the economic point of view to be able to carry out the scheme.”

I appeal to my Indian friends, Honourable Members on the opposite side of this House to remember that my dispute and complaint are not with them. I have no quarrel with them; my complaint is with what His Excellency said and to point out to His Excellency and the Army Department certain facts in connection with the Anglo-Indian community which they have evidently forgotten. I repeat, His Excellency's reply staggered me for more reasons than one. I did not ask for his sympathy, we have had so much of it and sympathy is a starvation diet. As I said, I have no controversy with my Indian friends on the other side for I do not desire to replace them in the army. I have no objection whatever to the Army Department calling me anything it likes. No truer word was uttered than when His Excellency said that our position was an anomalous one, and it is on account of this impossible status that all my difficulties have arisen both in the Army and Civil Departments. Sir, I will interest the House to know what this invidious and anomalous position really is—one, that is not of my seeking. Standing here alone in this House of 150 members to defend the interests of my community, I beg of my Indian friends not to misconstrue what I am going to say on the initial handicaps Government has itself imposed and to which I take very serious objections. For occupational purposes I am called a statutory native of India. For the defence of the Empire I am called a European British subject. For social purposes I am called an Anglo-Indian. Should I desire to enter Dehra Dun or Sandhurst, I, on my own seeking, can do so only as an Indian. I am told now by His Excellency that if an Anglo-Indian wants to enter any of the ancillary branches of the army, he can only do so on the wages and terms on which Indian soldiers are enlisted. Sir, during the last war the Anglo-Indian was freely enlisted although his two previous offers for service were rejected by the Army Department. There was no talk whatever then of enlisting us on the terms and salaries of Indian soldiers. After the war we in common with others were discharged. We now seek admission into it and we are told that we can do

[Lieut Col. H. A. J. Gidney.]

so, but only on Indian terms and rates of pay. Why this change of heart? Why this change of front on the part of the head of the army in India? The doors of both armies are closed to the community to-day and, why? The Indian army is closed to me because (1) it is constituted on the caste system and there is no Anglo-Indian caste in its composition—indeed we have no caste. (2) It is impossible for me to live on Rs. 15 to 20 per month, the Indian soldier's pay. The British army is closed, because I am not a pure Britisher. As a community I have for a century sought for and been refused admission into the British army or a unit of any one—no reasons have hitherto been given. It is only now in 1927 after the Reforms and the cry to Indianise the army, I am told, I can be admitted, but only on the same terms as Indian soldiers. His Excellency said that it was an economic difficulty. I agree with His Excellency. There is however a different significance in the meaning of the word "economy" as we both view it. His Excellency views the term economy as an army economy. My idea of this economy is my standard of living. Give me a salary according to my standard of living and it matters not what you call me. I have never asked to be given the same pay as the British soldier. My submission to this House is that in seeking admission into the army my community wants a living wage and we are prepared to accept less than the British soldier gets to-day, but we cannot possibly live on an Indian soldier's wage. All I ask from His Excellency is to give me a living wage according to my standard of living. I am really surprised that His Excellency asked the Anglo-Indian to accept admission on the terms of Indian pay. Surely His Excellency, who has lived his life in this country, realises that it is impossible for a community brought up, as we have been, to exist on a monthly wage of Rs. 20 or Rs. 18 or less. It is absolutely impossible to do this. I cannot perform an economic somersault. If the opposite Benches desire to have less foreigners as they wrongly call the Britisher in the army, I ask them not to look upon me as a foreigner. I am no foreigner to India. It is equally my home as it is yours. I ask to be given my proper place in the army, the same status that I have always occupied in the Auxiliary Force during peace and war, namely, European British subjects. To my Indian friends this keen desire to enter the British army as European British subjects and at the same time to seek admission into other employments as statutory natives of India might sound very anomalous, but it is not of my seeking. I have been given this conflicting and anomalous position and so long as the Indian Government gives me the status and rights of a European British subject in the Auxiliary Force, the second line of defence of the British army in India, so long will I press my claims and my rights to be accorded those privileges and rights given to all other European British subjects in India. I shall not take up the time of the House by relating our military services to India and to the British Empire. I shall confine myself to our military services during the late War. During the late War, the Anglo-Indian community whose male population—those capable of bearing arms on active service—was about 45,000, supplied nearly 10,000 men to the active army in various theatres and besides this an additional 25,000 men to the Indian Auxiliary Force which maintained peace and security in this country at a time when there were very few British soldiers. During the past Great War hundreds of our men joined the I. A. R. O. We supplied hundreds of our men to the

ancillary branches into which we are to-day seeking admission. Hundreds of our women went out as nurses. Hundreds worked in the Posts and Telegraphs and Railways, water transport, embarkation. Practically the whole of the St. John Ambulance work was done by the Anglo-Indian community. We also supplied the Anglo-Indian Force, the Anglo-Indian Battery, the Volunteer Battalion of artillery and hundreds of our men in the Indian Medical Department. Besides these we supplied about 25,000 men to the Auxiliary Force who maintained, as I have said, law and order in this country during the War. The two brave and gallant air force officers, Lieuts. Robinson and Waneford who brought down the two German zeppelins were of this community. A number of our boys fought with New Zealanders as New Zealanders in Gallipoli and gained distinctions. Then I ask you to visit our public schools in India and see the tablets in honour of our glorious dead. I offer this as Anglo-Indians' humble yet loyal tribute of service and sacrifice to the Government of India and the British Empire. There was no talk then of engaging me in the army on Indian wages. I was readily recruited as a European British subject and on the same pay and privileges as British soldiers. Do His Excellency and the Government realise what this contribution amounted to? It means that in England's hours of trial the men of the Anglo-Indian community threw aside their economic interests and welfare and gladly gave 75 per cent. of its manhood for King and country. I challenge a parallel war contribution from any other part of the Empire; and what are we offered in return to-day by His Excellency? Enlistment in the ancillary branches of the Army, but only on the terms on which Indian soldiers are enlisted. We cannot be enlisted on British terms of pay. Is this fair to my community? But, Sir, times have changed and the Army Department now looks on things—military renewals—in terms Indian—provided of course their own terms—British—are not violated or curtailed and I—the Anglo-Indian—the European British subject—the Statutory Native of India is not wanted except as a convenience. I ask, Sir, "What terms are you going to give the Anglo-Indian in return for our duty and our sacrifice to the Empire? Is the Army going to forsake the community? If it does, will the Government consent to deprive the community of that recognition and status which is its due?" I do not ask for any differential treatment. All I ask is an honourable place in the army and on a living wage according to my recognised standard of living. Sir, no other race, sprung from any other European nation, has borne the burden of the white man as loyally and as submissively as has the Anglo-Indian, but we also have awakened and we claim from the Government of India, we claim from His Excellency the Commander-in-Chief much more than the sympathy which he has given me. We claim from him something more. We claim adequate military recognition. We claim the treatment that we deserve and which we, in our sacrifice, loyalty and devotion to the Empire, have thoroughly earned. Has His Excellency reflected what effect his pronouncement of yesterday will have on the morale of the 20,000 Anglo-Indians who form the Auxiliary Force to-day when they read in this morning's newspapers, that they could not join the Army except on an Indian soldier's wages—a mere pittance of Rs. 20 or less a month? I wonder if he thought of this when he made his statement. I am only hoping that the question was an unexpected one and he was taken on the hop. I am also still hoping that this is not the last word on the subject. Sir Charles Innes stated in this House that

[Lieut.-Col. H. A. J. Gidney.]

the one thing a Britisher disliked and cannot stand, is to be accused of breach of trust. I would ask His Excellency the Commander-in-Chief and the Members of the Government to encourage me also in believing this of the Englishman. But if I am to be told to-day after my past record of service for the British Army that I can be enlisted only on an Indian soldier's terms and wages, then, Sir, you are straining and taxing my faith and trust in England very very severely indeed. But, Sir, after all, this is not an army matter. It is not a matter for the Army Department to settle. It is a question of high policy and is a matter for the Government of India to settle. If the Government of India considers that it is right and a desirable policy my community to be given an honourable place in the defence of this country, be it in an Anglo-Indian regiment, battery or the ancillary services—it is the duty of the Government of India to give the order to the Army Department and that Department has to carry it out. Sir, I feel very strongly on this matter. My one regret is that His Excellency is not here to hear my appeal for, I am sure, he would have appreciated the force and justice of my claim. Indeed I am still hopeful he will do so. I make this claim for my community, a claim which I feel I have every right to make for. I am fortified in it by the words addressed to us by His Royal Highness the Prince of Wales when he received the Anglo-Indian deputation on his visit to Delhi in 1923, when he said:

“Your devotion to the cause of India, the land in which you live, and your desire to maintain an honoured place for her within the Empire, do you credit. I shall watch the progress of your community with the closest attention. You may be confident that Great Britain and the Empire will not forget your community who are so united in their devotion to the King Emperor and who gave such unmistakable tokens of their attachment to the Empire by their great sacrifice in the war.”

Sir, I commend these words of His Royal Highness the Prince of Wales to the serious consideration of His Excellency the Commander-in-Chief and the Government of India. I ask them, in their desire to Indianize the Indian Army, not to forget the great part played by the Anglo-Indian community in the retention, maintenance and the development of this country; that the community has since its very inception been its most loyal supporter and helpmate in all things and at all times, no matter what the call has been; that the very birth of the community is due to the presence of the European in this country. All I hope is, that in this our hour of trouble and need, faced as we are with a daily changing India, we can still rely on the Government of India for that trust and for that help which they have in the past given to us and which I beg thankfully to acknowledge here. I sincerely hope that the Army Department in its treatment of the Anglo-Indian community will not forget our past military services and will remember that we too form an integral and component part of this great Empire in whose defence and army we claim a respectable and honoured place.

**Mr. Nirmal Chunder Chunder** (Calcutta: Non-Muhammadian Urban): Sir, I do not understand why there should be any congratulations offered to Sir Basil Blackett at all. A surplus budget is no new thing in India. From 1899 to 1907 India had surpluses averaging over 4½ crores a year. From 1910 to 1918 India had surpluses averaging over 5 crores a year, and even in 1923-24 we had a surplus, although the exchange then stood at something between 1s. 4-1/32d. and 1s. 4-11/16d., sterling or 1s. 8-8/32d.

and 1s. 3½d. gold, but, as Sir Basil Blackett has himself admitted, on a 1s. 4d. basis this Budget is really a deficit Budget, so that it is by appreciating your money, it is by deflating your currency, that he has succeeded in giving you a surplus Budget. We may admire his dexterity, but we cannot praise him for what he has done. It is very clever of him, but certainly not very praiseworthy of him. And what were his opportunities, Sir? You know that our Indian industries have to compete with British industries. What were the circumstances when Sir Basil Blackett took charge of the Finance Department or shortly after? The cost of production had increased in England, wages had doubled in England, the burden of rates and taxes had grown enormously, manufactures were produced under a disadvantage, and in order to retain its financial position, England had appreciated its sterling by about 10 per cent. If he had taken advantage of these, if he had given us something like the M'Kenna duties, then within half a decade probably India would have been in a position to compel the English producers to skin their prices to bedrock and would have produced things very much cheaper than they can do now, and the Indian producers would have regained the China market which they are fast losing. So I for myself, Sir, cannot at all congratulate Sir Basil Blackett, and I do not see that he deserves any gratitude from us.

**The Honourable Sir Basil Blackett:** Sir, I must begin by acknowledging with sincere gratitude the compliments which have been paid to me personally by some Members of the House in the course of the 36 or 37 speeches which have been made in this debate. I would express my gratitude with particular pleasure in those cases, not very numerous, where the congratulations were not the conventional prelude to the inevitable "but" which followed. Nor must I forget to thank my friend, Mr. Amar Nath Dutt, for his graceful allusion to my father, quite rightly and appropriately brought in by way of criticism of the son. I should like also to congratulate my new old friend, Mr. Ashrafuddin Ahmed, on his maiden speech and also several others on their maiden speeches, including Mr. Shankar Rau and Mr. Gopaldaswami Ayyanagar. There can be few legislative bodies which enjoy the privilege of possessing in their midst a *par nobile fratrum*, two brothers whose views on every subject are so entirely and diametrically opposed as those of Mr. Gopaldaswami Ayyanagar and Mr. Rangaswami Iyengar. (Laughter.) Sir, after listening to the course of the debate, I am inclined to come to the conclusion that the Budget has at any rate some redeeming features. It would of course have been a very much better Budget if our revenues had been free from the taint of being supported by a super-tax, an income-tax, customs duties, export duties, land revenue, excise (*An Honourable Member*: "Opium"), in particular opium, or any of the other sources of revenue. The only source of revenue, I think, which has not been objected to fairly strongly in the course of the debate is our railway contribution, and that of course was wiped out last week. The Budget would also have been much better if on the expenditure side it had included a large subsidy for the Posts and Telegraph Department and an enormous sum in aid of provincial subjects, such as Education, Sanitation, Harbours and Agriculture. So, on the whole, I think I am content to conclude that the Budget is not such a bad budget after all. I can forget and forgive what Mr. Gaya Prasad Singh in his speech, brimful of classical and literary allusions, called apologetically the reluctant jarring note. If I may parody his eloquent condemnation of New Delhi and all its ways and

[Sir Basil Blackett.]

works, I may perhaps say that something must be right in a budget which requires to be covered up with so much blame. Mr. Srinivasa Iyengar in his speech which he made a few minutes ago was the most whole-hearted, I think, in his condemnation of the Budget, refreshingly whole-hearted. I am sorry he is not here.

**An Honourable Member:** He has got his followers here.

**The Honourable Sir Basil Blackett:** He has got some of his followers. Perhaps they would convey to him my regret that the Budget seems to have brought the greatest unhappiness to a small number. He stated that 25 or 32 crores—I forget which—out of a total expenditure of 125 crores were voted and all the rest non-voted. The actual figures are, total expenditure 202 crores, of which voted is 92 crores 87 lakhs, non-voted 110 crores.

**Mr. R. K. Shanmukham Chetty:** Exclude railway working expenditure.

**The Honourable Sir Basil Blackett:** I do not see why we should exclude railway working expenses, which is voted just as much as anything else. The proportion of voted is therefore about 46 per cent. Mr. Mukhtar Singh made a very interesting speech, obviously earnest, about the necessity for more expenditure on encouraging cultivation of sugar, dairy farming, well irrigation and so on. I hope he and others, such as my friend Mr. Kasim and my Honourable friend who spoke in his vernacular just now, who are critical of the Government of India for not doing more for provincial subjects, will recognise that the constitution intentionally debars the Government of India from raising money from the central tax-payer for the purpose of enabling it to encroach, even in a beneficial way, on the sphere of Provincial Governments. It may be that the Statute has drawn the line rather too rigidly. If so, and if there is a border line where the Government of India might usefully intervene, the opportunity of the Statutory Commission will no doubt be taken to improve the present position. But we have done a good deal in that matter. A large increase of the organisation dealing with the breeding of new varieties of sugarcane was provided for in the current year and will involve considerable additional expenditure in 1927-28. This expansion has been justified by the remarkable results already obtained, which have made it possible in many cases to double the yield of cane per acre. Further development generally is being considered and will be considered when the Royal Commission on Agriculture's Report is available. This will cover dairying as well, although dairying is primarily the concern of Local Governments. Our province is research and we have interpreted our obligations very generously. We make provision not merely for agricultural research, but the highly specialised parts of instruction and training. The Imperial Research Institute have in fact paid special attention to the subject of sugarcane. For the present in any case it is obvious that the best contribution that the Central Government can make to the development of the beneficial nation-building departments in the provinces is what is proposed in this Budget, namely, the reduction of the provincial contributions. If that can be achieved without the burden of fresh taxation, there is little cause to complain about what the Central Government is doing and has done. After all a contribution of five crores and forty-five lakhs a year in one budget is something at any rate which is not inconsiderable, in addition to which there is the special provision for education which I mentioned in my budget speech.



I cannot follow Rai Sahib Harbilas Sarda into the question of the political status of Ajmer-Merwara. I do not know whether he was aware of the provision of two lakhs as part of Ajmer's share of the additional money for education in the centrally administered areas, but I gather that his point is that he wanted money for the improvement of teaching and not for the building of new schools. I do not know the details of the programme, but I can assure him that he has my special sympathy when he lays stress upon the superior importance of good teaching even over good accommodation in which the teaching is given. There is often too much of the shop window in the way of bricks and mortar in the provision made for new education.

On the subject of the new taxes, changes in taxes proposed in the budget speech, we have had passing references from a good many Members. I gather there is a division of opinion on the subject of the export duty on hides. I was glad to hear my friend, Harchandrai Vishindas, refute the rather superficial objection that the reduction of duty on motor cars is something which is for the benefit of the rich man. In my opinion few things are more important for the improvement of the position of the agriculturist in this country than that he should be brought near to his market. The substitution of good roads and motor transport for the present means of transport will, I am convinced, be of enormous benefit to the agriculturist and enable him to obtain a larger share in the ultimate selling price of his produce.

From the question of motor car duties, I should like to go for a moment to the question of military expenditure. One of the hopes which those who are keen on the improvement of roads and motor transport in India are entertaining is that the result of an improvement in motor transport will be to enable a considerable saving to be effected in our Military Budget by doing away with the necessity of keeping considerable amounts of heavy transport vehicles in cold storage which is a considerable item of expenditure in the Military Budget to-day. If the roads are bettered and there are large numbers of heavy lorries and other motor vehicles actually in use on the roads, it will be possible for arrangements to be made by the military authorities under which such vehicles will be available in time of necessity, and the military will be relieved of the burden of having to keep a number of lorries and vehicles idle and to some extent deteriorating and getting out of date.

**Nawab Sir Sahibzada Abdul Qaiyum:** They proved necessary for transporting troops from the Khyber to Thal in 1919.

**The Honourable Sir Basil Blackett:** I think there has been some misunderstanding on the subject of military expenditure. What I said in my budget speech was that only the sternest economy and strictest vigilance could prevent our expenditure from showing a tendency to rise rather than fall, and that we were very nearly at the minimum necessary for maintaining the army at the present authorised strength. Now I felt it my duty to draw the attention of the House to that point because in previous years I have, I think, expressed my own earnest desire to see a reduction of the military expenditure, at any rate to the figure of the Rs. 50 crores mentioned by the Retrenchment Committee, and I said only a year ago that I was impious enough not to regard that as a pious aspiration. I have been convinced by the experience of this last year that, on the present authorised strength there is not much room left for



[Sir Basil Blackett.]

a reduction of expenditure, that any large reduction of expenditure with the army at its present strength can only be at the expense of the efficiency of that army, and I am sure there will be universal agreement that, whatever army it is decided it is necessary to keep, that army ought to be kept efficient. There are of course certain reductions in view, which were mentioned by Pandit Kunzru, in the automatic savings on the cost of the pay of British troops, but those are comparatively small, and I cannot hold out the hope that there will be any such large reductions in military expenditure in the years to come, if the army remains at its present authorised figure, as there have been in previous years, and in view of what I had previously said to the Assembly, I felt it my duty to draw attention to that fact. I do not yield to any Member of this House in my desire to keep our military expenditure itself to the minimum absolutely essential, but I will not be a party to reducing it to below what is essential, or having it cast in the teeth of the Finance Department that they are standing in the way of keeping the army that India has efficient.

A good deal was made of the point that this Budget does not provide for any reduction of taxation and that it does not, in particular, offer a reduction of the salt duty or a reduction in postal rates. Now, in regard to postal rates, I do wish the House would face the facts as they are. It may be that hereafter the growth in the traffic of the Postal and Telegraph Department will enable a surplus to be shown over working expenses which will permit of some wide extension of facilities and even of some reduction in rates, but I cannot refrain from expressing a personal view that with the large increase in the cost of living that has occurred since 1914, and with the legitimate demand for a higher standard of comfort from the employees of the postal department, a return to the very low rates for letters and postcards that existed in 1914 is not practical politics. It can only be secured at the expense of a large and growing subsidy from the general tax-payer to the Postal and Telegraph Department. Whether you separate the Postal and the Telegraph Departments or not, that would, I think, be the case; and if that is so, the proposal to reduce postal rates is not a proposal to reduce taxation but a proposal to impose increased taxation on the central tax-payer for the purpose of subsidising the letter and the postcard, and that, not I think entirely or even mainly for the benefit of the agriculturist user of the postcard and the letter, but of the commercial and industrial firms who, it must be remembered, are those who make the greatest use of letters and postcards. I do not think that a subsidy in those circumstances would be justifiable, and in addition it would involve considerable risk of our attempting to sweat the employees of the Postal and Telegraph Department. I know that is an unpopular view, but I do think that it is important that we should not go on from year to year deceiving ourselves with the hope that an immediate return to the pre-war rates on postcards and letters is possible. In any case, I am on sure ground when I say that on the question of a subsidy to the Postal Department and on the question of a further reduction of the salt tax, we are obviously not in a position to do it this year. The provincial contributions clearly come first. If we have got rid of them this year, and if our hope is realised that next year may give us a recurring surplus sufficient to get rid of the provincial contributions for ever, then will be the time when we can begin seriously to

consider reductions of taxation and additional expenditure by the Central Government on the services which Honourable Members have at heart. But I should like to join issue with those who reproach us with not having reduced taxation in the last few years. Since the year 1923-24 we have given up over Rs. 6 crores by relieving the tax-payer in the matter of salt duty and cotton excise duty and one or two other small items of taxation, —Rs. 6 crores of direct reduction of taxation. In addition to that, over Rs. 9 crores of provincial contributions will have been released. Now, it may be that the Provincial Governments will prefer—and I think they will very likely and rightly prefer—to use the reduction of the provincial contributions for the purpose of increased expenditure on nation-building departments, rather than on reduction of taxation. There have been cases in which they have reduced taxation; but in the main that has not been the case hitherto. Nevertheless it remains true that so far as the Central Government is concerned, it is now asking for over Rs. 9 crores less from the provincial tax-payer for its purposes than in 1924-25. So far as the Central Government is concerned, that is a definite reduction of taxation. So that there has been a total reduction of over 15 crores of rupees in central taxation in the last four years.

Several speakers used an argument, which seemed to come from a common source, apparently intended to demonstrate that, though the rupee figure of the Government's expenditure had gone down in the last few years, the gold value of the rupees demanded from the tax-payer had not diminished, and indeed that it had increased. I was in some difficulty to follow what conclusion was meant to be drawn from these premises. All the speakers who used it without exception ignored entirely the large fluctuations in the commodity value of gold which have been occurring in the last 12 or 13 years. And surely, the true basis for comparison is not the gold value of the rupee, but the commodity value. It is of course obviously true that the large rise in prices, that is the fall in the commodity value, in the purchasing power, of gold, which took place during and after the war was one of the main causes, together with our war debt, of the large increase in the expenditure of the Government of India during these years and was one of the main causes of the budget difficulties with which we were then faced. It is equally true that the fall in prices, that is to say, the rise in the commodity value of gold, which has taken place since then has been a very useful factor in assisting us to restore budgetary equilibrium. The greater part of this fall is of course due to the change in world prices and has nothing to do with the rupee exchange. Even now gold prices are about 50 per cent. higher than they were in 1914, and this fact, together with the interest and sinking fund on our war debt, provide the main explanation why our expenditure has increased since 1914. Incidentally, it is interesting to remember that this rise of 50 per cent. in prices means that the salt tax of Rs. 1-4-0 per maund to-day is a very considerably lighter burden than the salt tax at Re. 1 in 1914. Now, in so far as the rise in exchange from 1s. 4d. to 1s. 6d. since 1914 has been a contributory factor in preventing the level of prices at which we have now settled down from being a higher one, that has been a factor which has assisted us in restoring budgetary equilibrium. With lower prices the rupees that we obtain from the public go further, and it is that fact which has enabled us among other things, to reduce taxation by 15 crores as I was pointing out just now. Why that should be thought to be a discredit to the Government, I am at a loss to understand. Even

[Sir Basil Blackett.]

the Retrenchment Committee pointed out that a fall in prices ought to lead to a fall in military expenditure.

I am led by a natural transition to the question of ratio. I do not propose to-day to anticipate our discussions of next week, but it is necessary for me to make reply to the numerous speeches which have been devoted to this question. As usual, most of the speakers who were arguing for 1s. 4d. began with the entirely erroneous assumption, usually quite tacit, that the Government have quite recently and suddenly raised the exchange from 1s. 4d. to 1s. 6d. The usual form of the attack was to say that the Government by a manipulation of the currency have concealed taxation amounting to a large and variably stated sum in tens—I believe in one case in hundreds—of crores, and that Government had done this by manipulation of the currency. Let me take first this question of manipulation. What are the facts? I will not go back beyond the date of my arrival in India. When I arrived in India in the beginning of 1923, the rupee had a statutory value of 2 shillings gold, and the actual value in the market was about 1s. 3d. gold which was, however, subject to violent and continuous fluctuations. It had had no stable value since 1917. One of my duties as Finance Member was to manage, or if you will, to manipulate the currency. I could not evade undertaking that duty even if I had wanted to; and I did not attempt to evade it. I have more than once expressed the view that the job of managing the currency is one which ought to be in the hands of some authority other than the Government, and one of the main objects of our proposals which will be coming before the House later in the Session is to transfer that function from Governmental to other hands. But so long as the duty remains a Governmental duty, it is a duty that the Government must undertake and, finding it part of my duties to manage the currency, I proceeded to manage the currency—or if you will—to manipulate the currency. Now, it is open to Members of this House, and the public generally, to criticise the Government for the way in which they have managed the currency—or if you will manipulated the currency—if they think that the management is open to criticism. But to make it a charge against the Government that they are managing the currency has really no more meaning than to make it a charge against my friend the Honourable Sir Bhupendra Nath Mitra that he is managing the Post and Telegraphs Department or against my friend Sir Charles Innes that he is managing the Railway Department. Now, up to the time of the appointment of the Currency Commission, my contribution to the management or manipulation of the currency consisted almost entirely—my main contribution at any rate was—to prevent the rupee from being driven up and up far above 1s. 6d. by what I may call natural causes. In order to do this I had to resort to very big acts of management or manipulation. Since that date, without very great difficulty but with constant attention, I have maintained the rupee stable at 1s. 6d. It has been stable there for nearly 2½ years in terms of sterling, very nearly 2 years in terms of gold. Neither in preventing the rise above 1s. 6d. nor in maintaining the rupee stable at 1s. 6d. were budgetary considerations mainly or in any special degree in my mind or in the mind of the Government. What we wanted and want and what India wanted and wants is stability and it is to the fact of stability, even more than to the fact that that stability has been obtained and maintained at the level of prices corresponding to the 1s. 6d. ratio, that we owe our balanced budget and our power to reduce taxation and give relief to the provinces.

At the same time, it is obvious that a sudden drop to 1s. 4d. would destroy stability and would play havoc with the Budget. Some attempt has been made to dispute the figures in Mr. Brayne's Memorandum. The estimate of the effect of 1s. 4d. on our sterling payments is not, I understand, disputed. But several Members have challenged the estimate of loss under the head of Customs. And they have quoted against me the memorandum put in by Mr. McWatters before the Currency Commission. I think they have entirely failed to observe the origin of that memorandum. It was and professed to be nothing more than an arithmetical statement, showing what would be the increases in customs duties on the assumption that the amount of imports were not decreased and prices rose by the full difference. In this connection I would refer to the evidence given before the Currency Commission, questions 777 and 778. Sir Purshotamdas Thakurdas asked:

"Would you not by a lower exchange get a higher return on those articles assessed *ad valorem*?"

*Mr. McWatters:* Certainly you would eventually if prices rose and customs duties were not decreased.

*Q.*—What would the amount be roughly in rupees?

*A.*—I should have to work it out. A statement could be prepared showing the actual money difference between the 1s. 4d. and 1s. 6d. in customs duties on an *ad valorem* basis, assuming that the amount of import is not decreased and prices rise by the full difference."

Thereupon Mr. McWatters put in the statement which has been referred to. I was myself examined a little later on this same point. For that purpose I refer to a very valuable document, from which I could spare the foreword, in which all my evidence before the Currency Commission is brought together. I desire to express my very real appreciation to the Currency League for this very useful document.

6 P.M.

Question No. 10451—I will not read it all—it there appears that this memorandum of Mr. McWatters was then brought to my attention for the first time and I had to ask what it contained before I could say what I thought about the figures. I was asked:

"Do you think that the Central Government are likely to make up this 1.16 crores, on certain assumptions, by increased revenue under the head of income-tax and so on."

My reply was . . . . .

**Pandit Hirday Nath Kunzru:** May I ask what is the number of the question?

**The Honourable Sir Basil Blackett:** 10,451 if the Currency League are correct. I said:

"I do not think that there would be an immediate increase either in the customs duty or in the yield of any other tax to the extent proposed. The increase in the customs duty would probably fairly be seen over a period of two or three years. But the increase in income-tax seems to me to be very problematical. \* \* \* The temporary effect of a lowering of the rate must necessarily be an immediate increase in taxation."

I am interested to observe that Mr. McWatters' arithmetical calculation came to the conclusion that there would eventually—that was the word used by Mr. McWatters—be an increase of 2 crores in the revenue from customs duty. Mr. Brayne's figure is from 1½ to 2 crores. The ultimate effect as given in both cases is the same. The idea that that is any proof

[Sir Basil Blackett.]

that Mr. Brayne's Memorandum regarding the immediate effect is wrong is therefore entirely dissipated. Mr. Birla propounded the extraordinary doctrine that a rise in prices of imported articles was likely to lead to an increase in the imports. Both he and Sir Victor Sassoon in another connection relied on an analogy drawn from what has happened at times when prices generally have been gradually rising. This analogy has no validity whatsoever in the case now under consideration, where with world prices unaffected and no change in any of the other factors a sudden and violent alteration takes place in the rate of exchange. Mr. Birla's contention that a sudden increase in the price of an imported article leads to an increase in the quantity of the imports of that article has only to be stated to be rejected. Incidentally, it is an entire refutation of another series of arguments of the Currency League. The Central Board of Revenue are clearly right in stating that there would obviously be a large temporary falling off if exchange was suddenly lowered to 1s. 4d.

I should like to make a few further remarks about Mr. Brayne's Memorandum. That Memorandum was purposely and intentionally an understatement of the probable effects of 1s. 4d. on our Budget. We do not want to be charged with making anything more than the absolute minimum statement. My own view is—and in order to avoid future misconception I should like to state that it is a view in which Mr. Brayne entirely agrees—that both the assumptions that wages would not have to be increased immediately and that we shall not have to pay a higher rate for interest on our debt, on our new money, owing to the shock to our credit, are entirely untenable and the effect on the Budget for 1927-28 would, in my humble opinion, be not much less than 7½ crores and on the Budget for 1928-29 not much less than 10 crores.

I will turn at this point to something that was said by Sir Victor Sassoon regarding the effect of 1s. 4d. on our debt. The figures given by him were obviously vitiated by the assumption that all our existing debts have been raised when the rupee stood at 1s. 4d. (*Sir Victor Sassoon: "Why?"*) I will come to why. Out of the Rs. 369 crores of rupee debt raised in the open market outstanding on the 30th November, 1926, Rs. 211 crores were raised when exchange was higher than 1s. 4d., and Rs. 158 crores when exchange was at or below 1s. 4d. The statement is also vitiated by the way in which the Honourable Baronet entirely ignores the effect of changes in price levels which is a very much more important factor. His argument was somewhat involved, but the truth after which he was groping is a clear one enough, though I doubt if he understood all its implications. He objected to what is after all a bare statement of fact in clause 6 of Mr. Brayne's memorandum, namely, that the rupee value of our external debt of £339 millions at 1s. 4d. is Rs. 56½ crores more than at 1s. 6d.

**Sir Victor Sassoon:** Mine is a bare statement of fact.

**The Honourable Sir Basil Blackett:** Once prices have settled down to one ratio or another, the gold or commodity value of this debt is, of course, exactly the same as he rightly stated. I hope he will remember that admission and all that it involves when he speaks on Monday, because, here again, it is an entire refutation of a large number of the arguments of the Currency League. It is quite at variance, for example, with his own argument that the effect of 1s. 4d. will hardly be observable

in the cost of living. Our external creditors are entitled in this case to £'s sterling, and unless we are heading for bankruptcy, they are unaffected by any change in the number of rupees which are required to pay a given amount of sterling debt, to pay the interest and the sinking fund, on what they have lent. He said that by lowering the ratio to 1s. 4d. we could reduce by Rs. 60 crores the commodity value of our debt. Of course, we could reduce the commodity value of our internal debt by Rs. 60 crores by lowering the ratio to 1s. 4d. Unfortunately, most of the holders of our rupee debt are Indian creditors and this lowering of the commodity value of what they have lent to us would be entirely at their expense. Our internal creditors unlike our external creditors are deeply injured by the lowering of the value of the rupee. The Honourable Baronet's discovery is, in effect, the old discredited policy of wiping out debt by inflating the currency. (*Some Honourable Members*: "No.") Then why does he stop at 1s. 4d.? Why not get rid of the whole of the debt by reducing the value of the rupee in the way the Germans reduced the value of the mark? (*An Honourable Member*: "Why don't you raise it to 3s.?"") And in almost the same breath Sir Victor had the courage to dispute the view that such action would give a shock to our credit. (*Sir Victor Sassoon*: "And quite right.")

**Mr. T. Gavin-Jones** (United Provinces: European): Raise it to 2s. and give him a little more.

**The Honourable Sir Basil Blackett**: I prefer to take the sensible course of leaving it where it is. I shall be ready to argue at the right time that there is no permanent gain whatsoever and can be no permanent gain to India but very severe temporary losses and sacrifices in the reduction of the ratio. So far as the Budget is concerned, it is clear that if the ratio is reduced there can be no remission of the provincial contributions this year or even next year, no expansion of our educational and other activities in areas directly administered by the Central Government, no hope of early reduction of taxation for the central tax-payer. On the contrary, we should be faced with the certain necessity of raising the level of taxation all round. This dislocation of the Budget is one of the temporary sacrifices and losses which the reduction of the ratio involves. Dislike it as we may, the ratio of 1s. 4d. and the reduction of the provincial contributions are incompatible. The lion and the sheep will not lie down together. Once again I commend to the House the Government's budget proposals which will achieve our long cherished project of getting rid of provincial contributions and will open the way next year or the year after to the effective discussion of reduced taxation in every direction and increased provision for the nation-building services.

The Assembly then adjourned till Eleven of the Clock on Monday, the 7th March, 1927.

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