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OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1931



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Legislative Assembly.

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CONTENTS.

VOLUME III.—12th March to 25th March, 1931.

	PAGES.
THURSDAY, 12TH MARCH, 1931—	
Statement of Business	1905
The General Budget—List of Demands— <i>concl'd.</i>	
Demand No. 78—North-West Frontier Province— <i>concl'd</i> ..	1905—08
Demand No. 16—Customs—	1908
Reduction of Salaries on account of lower level of prices and to cope with deficit Budget	1909—12
Retrenchment and Uniformity of Basis for Expenditure ..	1913—15
Inadequate Representation of Muslims in the Customs Ser- vices	1915—30
Failure of the Government to prevent Dumping of wheat and sugar on the Indian Market	1930—37
Sikh Representation	1937—48
Duty on Sugar	1948—51
Duty on Kerosene, Petrol, Betel-nuts	1951—55
Not taking steps to raise the Price of Agricultural Produce	1955—56
Demand No. 18—Salt—	
Retrenchment	1957
Loss of Interest arising from the Credit System	1957—59
Pay of General Managers	1959
FRIDAY, 13TH MARCH, 1931—	
Questions and Answers	1961—65
Unstarred Questions and Answers	1965—69
Statement laid on the Table—	
Report of the Committee on Salt	1996—2004
The General Budget—List of Demands— <i>concl'd.</i>	
	1969—96, 2004—37
Demand No. 1—Opium— <i>concl'd.</i>	
Retrenchment	1969—71
Demand No. 20—Stamps	1971
Demand No. 21—Forest—	
Administration of the Forest Department	1971—72
Demand No. 22—Irrigation, Navigation, Embankment and Drainage Works (Including Working Expenses)	
Supply of Water to Cultivators	1973—76
Want of a River Canal from Bikhtiarpore on the Ganges to Nawadah via Bihar	1973
Interest charged on Canals in Orissa and Ganjam	1973—74
Interest charged on Canals in Orissa and Ganjam	1974—76
Demand No. 33—Indian Posts and Telegraphs Department (In- cluding Working Expenses)	
Retrenchment	1976—89
Representation of Depressed Classes in the Posts and Tele- graphs Services	1977—82
Denial of Calcutta and Delhi Transfer Concessions to certain Clerks of the Director General's Office	1982—87
	1987—89

FRIDAY, 13TH MARCH, 1931.—*contd.*The General Budget—List of Demands—*contd.*

Demand No. 23—Indian Posts and Telegraphs Department (Including Working Expenses)— <i>contd.</i>	
Demand No. 24—Indo-European Telegraph Department (Including Working Expenses)	1989
Demand No. 25—Interest on Debt and Reduction or Avoidance of Debt	1990—96, 2004—15
Appointment of a National Investment Board	1990—92
Debt Position	1993—96, 2004—15
Demand No. 26—Interest on Miscellaneous Obligations	2015—17
Policy and Principle underlying Expenditure for Interest on Miscellaneous Obligations	2015—17
Demand No. 27—Staff, Household and Allowances of the Governor General	2017—53
Room for Considerable Reduction	2017—21
Hill Journey Allowances and Reduction of Extent of the Simla Exodus	2021—31
Request to the Viceroy for some Voluntary Surrender of Emoluments for the Needed Retrenchment	2031—33
Demand No. 29—Council of State	2033
Demand No. 30—Legislative Assembly and Legislative Assembly Department	2033—34
Quarters for Members not free	2033—34
Demand No. 31—Foreign and Political Department	2034—37
Practical Exclusion of Indian from the Foreign and Political Department	2034—37
Demand No. 32—Home Department	2037
Demand No. 33—Public Service Commission	2037
Demand No. 34—Legislative Department	2037
Demand No. 35—Department of Education, Health and Lands	2037
Demand No. 36—Finance Department	2038
Demand No. 37—Separation of Accounts from Audit	2038
Demand No. 38—Commerce Department	2038
Demand No. 40—Department of Industries and Labour	2038
Demand No. 41—Central Board of Revenue	2038
Demand No. 42—Payments to Provincial Governments on account of Administration of Agency Subjects	2038
Demand No. 43—Audit	2039
Demand No. 44—Administration of Justice	2039
Demand No. 45—Police	2039
Demand No. 46—Ports and Pilotage	2039
Demand No. 47—Lighthouses and Lightships	2039
Demand No. 48—Survey of India	2039
Demand No. 49—Meteorology	2040
Demand No. 50—Geological Survey	2040
Demand No. 51—Botanical Survey	2040
Demand No. 52—Zoological Survey	2040
Demand No. 53—Archæology	2040
Demand No. 54—Mines	2040

FRIDAY, 13TH MARCH, 1931—*concl'd.*The General Budget—List of Demands—*concl'd.*

Demand No. 55—Other Scientific Departments	2041
Demand No. 56—Education	2041
Demand No. 57—Medical Services	2041
Demand No. 58—Public Health	2041
Demand No. 59—Agriculture	2041
Demand No. 60—Imperial Council of Agricultural Research Department	2041
Demand No. 61—Civil Veterinary Services	2042
Demand No. 62—Industries	2042
Demand No. 63—Aviation	2042
Demand No. 64—Commercial Intelligence and Statistics	2042
Demand No. 65—Census	2042
Demand No. 66—Emigration—Internal	2042
Demand No. 67—Emigration—External	2043
Demand No. 68—Joint Stock Companies	2043
Demand No. 69—Miscellaneous Departments	2043
Demand No. 70—Indian Stores Department	2043
Demand No. 71—Currency	2043
Demand No. 72—Mint	2043
Demand No. 73—Civil Works	2044
Demand No. 74—Superannuation Allowances and Pensions	2044
Demand No. 75—Stationery and Printing	2044
Demand No. 76—Miscellaneous	2044
Demand No. 77—Refunds	2044
Demand No. 79—Baluchistan	2044
Demand No. 80—Delhi	2045
Demand No. 81—Ajmer-Merwara	2045
Demand No. 82—Andamans and Nicobar Islands	2045
Demand No. 83—Rajputana	2045
Demand No. 84—Central India	2045
Demand No. 85—Hyderabad	2045
Demand No. 86—Expenditure in England—Secretary of State for India	2046
Demand No. 87—Expenditure in England—High Commissioner for India	2046
Demand No. 88—Capital Outlay on Security Printing	2046
Demand No. 89—Forest Capital Outlay	2046
Demand No. 90—Irrigation	2046
Demand No. 91—Indian Posts and Telegraphs	2046
Demand No. 92—Indo-European Telegraphs	2047
Demand No. 93—Capital Outlay on Currency Note Press	2047
Demand No. 94—Capital Outlay on Vizagapatam Harbour	2047
Demand No. 95—Capital Outlay on Lighthouses and Lightships	2047
Demand No. 96—Commuted Value of Pensions	2047
Demand No. 97—New Capital at Delhi	2048
Demand No. 98—Interest Free Advances	2048
Demand No. 99—Loans and Advances Bearing Interest	2048

MONDAY, 16TH MARCH, 1931—

Questions and Answers

2049—73

	PAGES.
MONDAY, 16TH MARCH, 1931—contd.	
Unstarred Questions and Answers	2073—75
Statements laid on the Table	2076—77
Election of Members to the Standing Committee on Roads ..	2078
Election of Members to the Committee on Public Accounts ..	2078
Election of Members to the Governing Body of the Imperial Council of Agricultural Research	2078
The Indian Income-tax (Second Amendment) Bill—Introduced ..	2078—81
The Indian Factories (Amendment) Bill—Introduced ..	2081
The Indian Finance Bill—Consideration postponed for one day (Separation of Burma from India)	2081—2122
TUESDAY, 17TH MARCH, 1931—	
Member Sworn	2123
Questions and Answers	2123—37
Election of Members to the Public Accounts Committee ..	2137
Election of Members to the Governing Body of the Imperial Council of Agricultural Research	2137
Election of Members to the Governing Body of the Indian Research Fund Association	2138
The Salt (Additional Import Duty) Bill—Introduced ..	2138—40
The Indian Finance Bill—Discussion of the Motion to consider, not concluded	2140—91
WEDNESDAY, 18TH MARCH, 1931—	
Questions and Answers	2193—2207
Unstarred Questions and Answers	2208—14
Short Notice Question and Answer	2214—15
Election of Members to the Governing Body of the Indian Research Fund Association	2215
Election of Members to the Standing Committee for the Depart- ment of Commerce	2216
The Indian Finance Bill—Discussion on the Motion to consider not concluded	2216—60
THURSDAY, 19TH MARCH, 1931—	
The Indian Finance Bill—Discussion on the Motion to consider not concluded	2261—2318
FRIDAY, 20TH MARCH, 1931—	
Questions and Answers	2319—38
Unstarred Questions and Answers	2338—54
Statements laid on the Table	2354—58
Statement of Business	2358—59
Election of Members to the Standing Committee on Indians Overseas Emigration and Haj Pilgrimage	2359
Election of Members to the Standing Committee for the Depart- ment of Education, Health and Lands	2359
Election of Members to the Standing Committee on Roads ..	2359—60
The Wheat (Import Duty) Bill—Introduced	2360—63
The Indian Finance Bill—Motion to consider adopted ..	2363—2411

	PAGES.
SATURDAY, 21ST MARCH, 1931—	
Questions and Answers	2413—19
Unstarred Questions and Answers	2419—33
Motion for Adjournment—Murder of Muslims at Mochi in the Mirzapur District—Leave refused	2433—34
Statement <i>re</i> Proposed Confidential Meeting with H. E. the Commander-in-Chief	2434—38
Election of Members to the Standing Committee on Roads	2438
Election of the Standing Finance Committee	2438
Election of Members to the Standing Committee for the Department of Commerce	2439
The Indian Finance Bill— <i>contd.</i>	2439—83
MONDAY, 23RD MARCH, 1931—	
Member Sworn	2485
Questions and Answers	2485—2513
Unstarred Questions and Answers	2513—24
Short Notice Question and Answer	2524
Allegations of Partiality on the part of the Chair	2525—35
Election of Members to the Standing Committee for the Department of Commerce	2535
Statements laid on the Table—	
Stores purchased by the High Commissioner for India	2535—39
Review of the Civil Expenditure of the Government of India	2540
Note on the Difference between Non-voted and Voted Expenditure	2540—41
Demand for Supplementary Grant in respect of Railways	2542
The Indian Finance Bill—Discussion on the consideration of Clause not concluded	2542—84
TUESDAY, 24TH MARCH, 1931—	
Questions and Answers	2585—96
Unstarred Questions and Answers	2600—04
Protest against the Execution of Bhagat Singh and others	2604—06
Disposal of Public Business after the Walk Out of a Section of the House	2606—22
The Indian Finance Bill—Discussion on the consideration of Clauses not concluded	2622—26
WEDNESDAY, 25TH MARCH, 1931—	
Questions and Answers	2627—34
Unstarred Questions and Answers	2634—38
Short Notice Question and Answer	2639—40
The Indian Finance Bill—Discussion on the Consideration of Clauses not concluded	2640—2700
Apology to the Chair	2701—03

LEGISLATIVE ASSEMBLY.

Thursday, 19th March, 1931.

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

THE INDIAN FINANCE BILL—*contd.*

Mr. President: The House will now resume further consideration of the Indian Finance Bill, 1931.

Mr. Muhammad Muazzam Sahib Bahadur (North Madras: Muhammadan): Sir, I do not think I will congratulate the Honourable the Finance Member on his efforts this year. I think that the one source of income which should have been properly tapped is left altogether untapped. He has been attempting to collect revenue from such source as income-tax, petrol, kerosene and others, but I suppose the House will agree with me when I say that the most important item which should have been tapped is that of the Military Department. Force should have been brought to bear on the Military Department to restrict their expenditure by at least 7 or 8 crores this year and, especially in view of the fall in prices of commodities, one would expect that naturally they could have cut down their figure to something like 48 crores. As it is, every year as much as 55 crores is being applied for military expenditure, and the ground alleged is that they have got to pay for the maintenance of an efficient Army composed of as many as 60,000 British troops. It would be conceded that there is danger on the North-West Frontier, but it does not necessarily follow that you should on that account maintain an army of that magnitude. It is either this, that the Englishman in India has an apprehension that he will not be secure in India without an army of that magnitude, or it simply means "Let us have some of our troops in India fattening on the revenues of India." I think the probability is that he has the apprehension that he will not be secure in this country. But I may assure him that during the last 150 years he has been ruling us, the administration has been of a nature which has secured for him a soft corner in every heart. I admit, and I think every one in this House will admit, that the test of a good government is the absolute security of person and property that we find in India today, and which, I venture to say, India never enjoyed in her history. That is the test of good government, and I think we have tranquillity and security of person and property in plenty in this country, and that alone is a factor which I think has endeared this Government to a large extent in the heart of every Indian. If the apprehension in the mind of the Englishman is that he is not secure and that he might have to face a rebellion at any moment, that fear, I say, is groundless, because no one will rise in rebellion; we are not going to rise in rebellion. He must and ought to feel that we are not going to do so. I am glad that from his love of justice and fair play, so innate in the

[Mr. Muhammad Muazzam Sahib Bahadur.]

Englishman, and by reason of the fact that he has not been administering this country as he ought to do, there is this apprehension lurking in his mind. But I think the sooner he gets rid of that apprehension, the better.

I say, Sir, that the British Army, the British troops that are being maintained in India at the cost of the Indian taxpayer, ought to be reduced to at least one-sixth of the existing number and they must be replaced by Indian units. It is admitted that the cost of an average English soldier is as much as six times that of the Indian, but when we say that the cost of the Military Department should be reduced to at least one-sixth of what it is now, the answer that very readily comes up is, "We are not going to sacrifice efficiency". The Englishman says, "Your proposal certainly implies sacrifice of efficiency and we cannot have that". An answer of that type looks very much like the answer which we sometimes hear from our Hindu brethren when we ask for fair representation of Muslims and other minority communities in the services. The Hindu also says, we ought not to sacrifice efficiency in promoting the interests of minority communities. I do not know to whom the credit for the originality is due, whether it is to our Hindu brethren or to the Englishman for these catchwords of "sacrifice of efficiency". Anyhow, that is how they meet it. Neither the Army, nor the services need sacrifice efficiency. A fair representation of the various communities will never do it. When we come to efficiency, I say why not employ a larger number of Indians in the Army?

Then again, Sir, as I said, this apprehension is lurking in the mind of the Government. They say they want to maintain a force of British troops for the purpose of internal security, and the number of such troops is something like 80,000. I am open to correction, if my figure is wrong. I venture to say that it will be the unanimous opinion of this House that 30,000 British troops are not at all needed for the purpose of internal peace. To my mind, those troops are needed to aid the Government when the necessity arises, as for instance in a riot, but I fail to see how much use they have made of these forces on such occasions. From what I know there have been very few occasions indeed when these British troops were employed, and but for this apprehension in the mind of the Englishman, I do not think the necessity for stationing 80,000 British troops in India for the purpose of internal security arises. As I have said already, let the Englishman cast away from his mind this apprehension, and I think military expenditure will be reduced to something like 25 or 30 crores. The moment the balance of 25 crores is let loose for employment in other departments, then, I think, the Englishman will have achieved his entire purpose in this country and the Indian will owe a debt of gratitude to him of which he may justly be proud.

Another suggestion which I would offer is to impart to the Indian students military training side by side in schools and colleges. If the Englishman had trained an Indian militia for the past five or ten years so that they might join the other troops when occasion arose, this would have meant a further curtailment of the Army expenditure and the Englishman could justly take credit for that. But, as it is, we have been hearing promises made year after year, but nothing has been done as yet.

Sir, it is rather providential that we are not having attacks on our sea-coast by other powers; otherwise we would have had to maintain a navy, which would cost as much as another 55 crores, and every year the Finance Member would have to come up to this House for that amount. I say that once something like 80 crores is let loose and that amount is employed for other beneficial purposes, the Finance Member will be in a very happy position and there will not be these deficit Budgets which, I am sure, will continue as long as this military expenditure is kept up at that level of 55 crores. So long as this continues, I do not think we can have anything but deficit Budgets in the years to come and the position will be probably much worse when handled by a new man under the new constitution. That is as regards military expenditure.

Then, as regards Customs, it has occurred to me that the Finance Member has overlooked the taxation of raw hides and skins which are being exported from this country. The point was raised by my Honourable friend Mr. Jamal Muhammad yesterday and by my friend Dr. Ziauddin the day before. I come from Southern India, I come from Madras, and I think that in the matter of exports of hides and skins the Madras Presidency beats all other provinces. We have a number of tanners all round the country, and during the last few years a large proportion of hides and skins has been exported in the raw condition. A duty of 5 per cent. is attached, which means almost nothing. I suppose Government are genuinely anxious to protect home industries, and if the tanning industry is an important industry in Southern India, as it is also in Upper India, in the United Provinces especially, which sends out large quantities of raw hides and skins, I think a duty of as much as 25 per cent. ought to be levied on raw hides and skins exported from this country. These tanneries are financed by Indian capital and they are worked by Indian labour, so that if a protective duty of that type is levied, a very great impetus will be given to these industries, with the result that we will have in those villages, where these tanneries are situated, a set of people looking much more decent than what they do now. And in this connection I would also point out that England will not be a very great loser if this duty of 25 per cent. or something approaching that is levied on raw hides and skins, because I find that among large buyers, America comes first, and France, Germany, Italy and other European countries come next. So that even if we have to look to the interests of England in this matter side by side with India's, it is a very wrong policy not to levy any export duty on our raw hides and skins. The volume of trade in these raw hides and skins is very great, at least in Southern India, where it is the chief industry, and it is, I believe, the third industry in India. So much with regard to raw hides and skins.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Are you sure you can tan all the raw hides and skins in this country?

Mr. Muhammad Muazzam Sahib Bahadur: I think we can. There will be a surplus of something like 5 crores worth of hides and skins which I think can be very well tanned in India.

Then, Sir, the brunt of all these taxes ultimately falls upon the peasant. He is the man who really has got to bear it. If one goes to the villages round about Delhi within a radius of say 5 or 6 miles, he will find that the peasants are in a very poor condition and it is a great pity that

[Mr. Muhammad Muazzam Sahib Bahadur.]

within a few miles of the Capital there should exist people whose houses are of the most ancient type, dirty little things and themselves clad in very dirty clothes. It is a sight which reminds one of the poverty to which they have been reduced. I think it will add to the fair name of England if, as I said, the military expenditure is cut down to at least half of what it is now and the money thus saved is spent usefully for rural uplift. We have got to see that the peasant in India is well-stationed, well clothed and well cared for.

Mr. R. K. Shanmukham Chetty, (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Mr. President, in the concluding paragraph of his Budget speech the Honourable the Finance Member said that he has tried to measure his needs fairly and to meet them fully. I ventured to remark in my speech during the general discussion of the Budget that from the point of view of the taxpayer it would have been far better if my Honourable friend had attempted to measure the needs fully and meet them fairly. That he has measured the needs fully and perhaps over-fully there can be no doubt, but I have serious doubts in my mind whether in trying to meet his needs he has been fair to the taxpayer. In his forecast of the Budget position for the coming year my Honourable friend is faced with the problem of making good a deficit of 17 crores and 24 lakhs. Naturally, Sir, when the Finance Member is faced with a deficit of this nature, he attempts to make good that deficit by the twin methods of retrenchment and fresh taxation. My complaint is that my Honourable friend has not fully explored the avenues to the first method, that is, the method relating to retrenchment in public expenditure. My Honourable friend, Mr. Jamal Muhammad, gave a very simple proof which appeals to the layman, the man in the street, a proof which goes to show that, in spite of the intricacies disclosed in the figures relating to the Budget, there has not been any retrenchment of public expenditure in this country. My Honourable friend pointed to the very simple fact that the total expenditure of the Government of India in the current year is 185 crores and the total estimated expenditure for the next year is also about the same figure; and from a reading of these figures, he asked a very pertinent question, a question which, as I said, would appeal to the layman, where then is the retrenchment, if you are spending in the coming year the same amount of money that you have been spending in the current year? My Honourable friend in his Budget speech has attempted to show elaborately the various methods by which he had effected retrenchment, both on the civil and military side. He asked us to believe that on the military side he had succeeded in persuading the Army authorities to reduce their requirements for the coming year by 175 lakhs; and he asked us to believe that on the civil side he had effected retrenchment to the extent of 98 lakhs. Even if these two figures can be taken as a proper measure of retrenchment effected on the civil and military side, the position comes to this; that to meet a deficit of 1,724 lakhs my Honourable friend has effected retrenchment to the extent of 278 lakhs and wants the sanction of this House for the imposition of new taxation to the extent of 1,451 lakhs. That position, I submit, is not fair to the taxpayer. Out of a deficit of Rs. 1,724 lakhs, to ask the taxpayer to contribute Rs. 14½ crores and to say that you would retrench only 278 lakhs is not a fair proposition to be placed before the taxpayer.

If one were to analyse this question of retrenchment both on the civil and military side, I would submit that one would find that the retrenchment is more illusory than real. Dealing with the so-called retrenchment in Army expenditure, my Honourable friend, Mr. Ramaswami Mudaliar in a very able and lucid speech pointed out the other day how this so-called retrenchment is more illusory than real. It is not necessary for me, therefore, to go into any detail in my attempt to show how the retrenchment is illusory and not real. I would apply only one test, and that is the test relating to the phenomenal fall in the prices of commodities in the world. The expenditure of the Government of India both on the civil and military side can broadly be classified into two classes,—the first class of expenditure relating to the pay and pension of its servants, and the second class of expenditure relating to the purchase of stores and other materials. I am prepared to take it for granted, for the sake of argument, that the hands of the Finance Member are tied in the matter of dealing with the pay and pension of the public servants, both on the civil and military side. The pay and pensions are not affected by a fall in prices and therefore they remain stationary; but I would ask my Honourable friend whether in the matter of the other class of expenditure incurred in the purchase of stores and other material, the Government of India have fully benefited by what I have called the phenomenal fall in the prices of commodities in the world. If you look at the index figures of wholesale prices in Calcutta you will find that in January 1930 it was 181, and in December 1930 it has fallen to 101. There has thus been a fall of very nearly 20 per cent. in the wholesale price of commodities. I would ask my friend to examine the expenditure of the Government of India from the point of view of whether they have obtained the fullest benefit of this fall in the prices of commodities. I wish that in his very able and lucid Budget speech my Honourable friend had given to this House some indication of a study of the expenditure of the Government of India from this point of view. I am very thankful to my friend for the lucid way in which he attempted to explain the position of the Government with regard to the salaries of public servants and the possible saving to the Government if, for instance, a ten per cent. cut were made in the salaries of all the government servants. I am at one with my Honourable friend in maintaining that under no circumstances can we go back upon our contractual obligations to our public servants. Rightly or wrongly, at a time when commodity prices in the world were ruling very high there was a clamour for the increase of emoluments of the public servants of the country, and as a result of that clamour and in the face of the protest of this side of the House, in those days the emoluments of public servants were increased to rates which we at that time thought were unreasonable and unwarranted. But whatever might be the mistakes of the past, today, so far as the pay of public servants is concerned, we are faced with this situation that the public servants who entered our services have entered that service on a distinct understanding, that they would get a certain amount of pay during the period of that service. I strongly maintain, and here I am whole-heartedly in agreement with my Honourable friend the Finance Member, that we should do nothing to impair the confidence of our public servants in the security of their tenure and their pay. But I would ask my Honourable friend to examine the pay of public servants from another point of view. So far as I have been able to make a cursory study of the items relating to the pay of public servants in the Budget

[Mr. R. K. Shanmukham Chetty.]

grants, I find that in the case of many officers there are allowances over and above the pay that is given to them. I would like my friend to examine these allowances, the necessity for them and the justification or otherwise for retaining these allowances now. It may be that some of these allowances are part of the pay, and to such allowances my dictum will apply that we shall not do anything to touch those. But I submit that if you examine the Budget figures carefully, you will find that there are items relating to allowances which the public servant is not entitled to get by any legal right vested in him. I would submit to my friend the Finance Member that he will not be doing any injustice to the public servants, nor will he violate any contractual obligations, if in the face of the phenomenal fall in commodity prices and the fall in the cost of living, he were to reduce and in many cases abolish these allowances. I would have liked to make a detailed examination on this point. But, Sir, it is not possible even for the most laborious and careful student by a study of the book relating to Demands for Grants to find out what exactly is the nature of the various allowances and what would be the possible saving if these were reduced or cut down.

There is again another sphere in which, without touching the contractual obligations, you can effect retrenchment in the matter of pay. That will lead to the question of reorganisation of certain Departments. It may be that in a certain Department you are paying a man Rs. 3,000 per month; it may be that he is a very eminent man and that he deserves Rs. 3,000. But it may turn out, as the result of an examination and scrutiny of that Department, that to do that particular job you do not want a man drawing Rs. 3,000 a month, but that a man drawing Rs. 1,000 can as well do that job. Now, that is a matter of policy which would require careful examination, a matter which would lead to a reorganisation of the various Departments of the Government of India.

My Honourable friend has made proposals for the appointment of a Retrenchment Committee. We on this side of the House, on hearing his Budget statement, were of opinion that the scope of that Retrenchment Committee as contemplated by my Honourable friend was too restricted and would not lead to any useful results. Since then, Sir, my Honourable friend has placed himself in touch with the representative of the various parties in this House, and I take it that, before the close of this Session, he will bring forward definite proposals for the appointment of a Retrenchment Committee with wider scope and terms of reference. I would invite the Retrenchment Committee that would in course of time be appointed to examine the question of public expenditure from these two points of view that I have attempted to explain, namely, whether the Government of India have got the fullest benefit from the phenomenal fall in the world prices of commodities, and secondly, whether we cannot reorganise our public service in such a way as without breaking our contractual obligations, would enable us to reduce allowances and reorganize Departments with a view to get a cheaper and more efficient service. In this connection, Sir, I was very much interested in seeing in the telegrams this morning that in Great Britain the Prime Minister has announced the appointment of such a Committee, that in New Zealand, after an all-night sitting, the Parliament of that country has passed a measure reducing the salaries of its public servants by 10 per cent. I do not know whether in New Zealand public servants enter service on a contractual basis as they do in India; but in any case the example of New Zealand and how they reduced salaries are

matters which would require a careful examination by the Retrenchment Committee, and it will be the duty of that Committee to apply these principles in the examination of the public expenditure of this country.

Sir, my study of the question of retrenchment leads me to my net conclusion, that my Honourable friend has not effected that amount of retrenchment in public expenditure as this House would expect of him before he came forward with proposals for new taxation amounting to 14½ crores. And what about the new taxation proposals themselves? The main feature of the taxation proposals of my Honourable friend is that he has not attempted to tap any new source of revenue; he has resorted to the simpler method of increasing the rate on the existing sources of revenue. That, I submit, is not the proper way of tackling your sources of revenue when you are faced with a huge deficit like this. The proposals of my Honourable friend relating especially to kerosene oil and income-tax are proposals which we on this side of the House cannot for a moment agree to. (Applause.) Sir, in this connection I shall take this opportunity of drawing the attention of this House to only one or two aspects of the question relating to the proposed increase in the duty on kerosene oil, reserving to a later stage a fuller examination of this question. The position of the duty on kerosene oil is this, that before April 1930, there was an excise duty of one anna per gallon and an import duty of Rs. 0-2-6 per gallon. In his Budget proposals last March, my Honourable friend increased the excise duty to Rs. 0-1-6 and the import duty was reduced to Rs. 0-2-3. I would ask Honourable Members to note that, as matters stand at present, there is a difference between the excise and import duties in favour of the local producer. The excise duty today stands at Rs. 0-1-6 and the import duty at Rs. 0-2-3. Sir, if it is intended that your import duty on kerosene oil is purely a revenue duty and not meant to have the effect of protecting the home industry, then there is no justification for this difference in the margin between the import duty and the excise duty on kerosene oil. Two years back the oil industry of India and Burma applied to the Government of India for protective measures. The question was referred to the Tariff Board, and the Board, after a very careful examination of the whole question, came to the deliberate conclusion that the Indian oil industry did not need protection. In the face of this definite finding of the Tariff Board, I fail to understand the justification for maintaining this margin between the import duty and the excise duty. I thought, Sir, when my Honourable friend was faced with a deficit he would utilise this opportunity to equalise the import and excise duties on kerosene oil. In fact he gave an indication of how his mind was working in this direction in his Budget speech last year. The effect of his Budget proposals last year, as this House would observe, was to reduce the margin as it then existed, and my Honourable friend said on the last occasion this: "Moreover, too drastic a change might hamper further development in reducing the margin by one half. We have thought that we have gone as far as it would be wise to go at least as a first step". In reducing the margin, therefore, last year, my Honourable friend, in his own words, was taking only the first step, and I think I am justified in drawing a conclusion from his words that he would take the next and final step at the earliest possible opportunity; I submit, that the opportunity has now arisen. Instead of taking advantage of this opportunity, what does my Honourable friend propose to do? He wants to increase both the excise

[Mr. R. K. Shanmukham Chetty.]

duty as well as the import duty by three-fourths of an anna, which would make the excise Rs. 0-2-8 and the import duty Rs. 0-8-0 per gallon, still leaving a margin of three-fourths of an anna in favour of the local manufacturer. I submit, that in making this proposal it was the duty of my Honourable friend, especially in the light of what he said last year, and more especially in the light of the discussion that took place in this House last year, to tell this House what reasons actuated him in making this proposal. If my Honourable friend wants to stick to his proposal, then we would be forced simply to omit the increase of three-fourths of an anna on the import item. If we did that, it would equalise both the import and excise duties at two annas and three pies. But, then, it will reduce the income of my Honourable friend by Rs. 48 lakhs, because my Honourable friend estimates that this additional duty of three-fourths of an anna in excise will bring in Rs. 52 lakhs and in import will give him Rs. 48 lakhs, thereby giving him Rs. 95 lakhs. If my Honourable friend wants to persist in this proposal, then he would have to forego Rs. 48 lakhs of revenue that he wants. I would like to give a constructive suggestion to my Honourable friend, which will equalise the import and excise duties, but which will not be a serious hardship upon the consumer and at the same time will give sufficient money to my Honourable friend. Unfortunately, according to the Government of India Act, I am precluded from tabling this amendment, and that is the reason why I have not tabled any amendment on the Order Paper. My proposal is this. Equalise both the excise and import duties at 2½ annas, which means that you will put an additional burden of only three pies per gallon on the consumer, instead of nine pies as my Honourable friend attempts to do, and I will respectfully submit to my colleagues that that would not be imposing an undue burden on the consumer. I have not behind me a Secretariat and a Budget Officer to prepare accurately what the effect of my proposal would be, but making a rough calculation, I find that the effect of my proposal will be to give an additional Rs. 70 lakhs on excise and Rs. 15 lakhs on import, thereby giving a total of Rs. 85 lakhs on kerosene oil as against Rs. 95 lakhs for which my Honourable friend has budgeted. I would submit that this is the only way in which this kerosene oil duty can be dealt with. I have thought it necessary to make the suggestion at this stage to my Honourable friend the Finance Member to give him, as he very often gives us, time to think over this matter and tell us definitely what he feels about this when the time comes.

With regard to the question of income-tax, the arguments against it have been so thoroughly discussed on two occasions that I think it would be superfluous for me to go into that question. I would content myself by saying that at a time when industry and trade are seriously hit, at a time when the country is passing through the severest period of economic depression, it would be a most unwise step to increase the rates of income-tax. Sir, this House would be giving a very severe blow indeed to industry and trade if they were to agree to these proposals regarding income-tax. When the proper time comes it will be for us on this side of the House to examine whether any increase on the existing scale is justified, and if so, whether it would be justifiable to impose that amount of additional burden which my Honourable friend wants us to bear. I would leave the question at that.

Before I sit down, I would just like to mention one other subject which is of very great interest apart from the Finance Bill. So many subjects are being discussed on the Finance Bill that I need not offer an apology for saying a few words on the question of, and the need for, the establishment of a Reserve Bank in India. The question of the establishment of a Reserve Bank has engaged public attention for the last five years; it is being thought of and talked of as a safeguard in the Round Table Conference. Well, if the Reserve Bank is to be considered as a safeguard, I would like to have that safeguard in the existing constitution rather than the future constitution. I would suggest to the Government of India not to wait for the revision of the constitution, but to take up the question of the Reserve Bank as early as possible. For one thing, if a Reserve Bank Bill is passed in this House at the earliest possible moment, it will remove one cause of friction and one cause of misunderstanding at the Round Table Conference. If there has been a lot of misapprehension on this matter, it is due to the fact that some of us know very little about the Reserve Bank, and some of those who want the Reserve Bank know too much about it. (Laughter.) I would therefore ask my Honourable friend to consider seriously whether it would not be in the best interests of the country to dispose of this question and to put a Reserve Bank Bill on the Statute-book before the end of this year. I would submit that it won't be a very difficult matter for the Government of India. (Sir Hugh Cocke: "Question.") For one thing, so far as the details relating to the establishment of a Reserve Bank are concerned, we went into the question very thoroughly and very fully in the deliberations of the Joint Committee of both Houses some five years ago, and I would submit to my Honourable friend that, so far as the details are concerned, those provisions would need very little change and alteration. It is common knowledge that the Reserve Bank Bill on the last occasion fell through not on the question of the details of the working of the Bank, but upon the great and fundamental question of control of the Bank. Even on this point there has been a lot of misapprehension. In the Round Table Conference some of the eminent British delegates spoke of establishing a Reserve Bank free from political influence, thereby at least implying that we, the non-official Members on this side of the House, wanted to import political influence in the management of the Reserve Bank. I feel confident in asserting that there is not a single non-official either on this side of the House or outside in the country who wants to import political influences in the working of the Reserve Bank. But be it noted that we want to eschew political influence not merely from the Indian side, but from the British side as well. (Hear, hear.) If the Reserve Bank scheme fell through on the last occasion, it was not because we wanted to import political considerations into it, but because we were filled with genuine apprehension that the British commercial and political influences would get hold of the management of the Reserve Bank. We spent anxious days and nights in the Joint Committee to devise a scheme which would ensure that the control of the Reserve Bank would be in Indian hands. I am sure that no one will dispute the genuine aspiration of the Indian people in this matter. If the time has come when the responsibility for the whole Government of India is to be placed in Indian hands, then, I ask, is it too much to claim that the control over the Reserve Bank should be in Indian hands as well? In fact, I would go further and say that, even

[Mr. R. K. Shanmukham Chetty.]

though I might tolerate the control of the Government of India in foreign hands for some time, I cannot for a moment reconcile myself to the position of placing the Reserve Bank of my country in non-Indian hands. (Hear, hear.) On the last occasion we were not able to arrive at a satisfactory settlement on this point and as a rough and ready method we suggested that the Indian Legislature must elect 4 men on the Board of Directors. I am one of those who subscribed to that Report and that Report probably led the British statesmen to get the wrong impression that the Indian public want to import political considerations into the management of the Reserve Bank. Let me take this opportunity of making my position perfectly clear on this matter. Our position is this. What we aim at is not representation from the Legislature, but some safeguards to ensure that the Reserve Bank of India will be under Indian control. Let my Honourable friend devise some scheme which will ensure this Indian control, and I will assure him an easy passage for the Reserve Bank Bill. I would submit to my Honourable friend that the time has now come to tackle this question of the establishment of a Reserve Bank, and as I ventured to observe, to place the Reserve Bank Bill on the Statute-book before the end of this year.

In the interests of the Government itself, in the interests of the reputation of my Honourable friend, the Finance Member, he ought to establish the Reserve Bank at the earliest possible moment. Sir, year after year in his Budget speech my Honourable friend the Finance Member attempts to give an elaborate apologia of his currency and credit policy. I entirely sympathise with my Honourable friend on each of those occasions, but the real position is this, that even though an angel may be the Finance Member, he cannot satisfy public opinion in the management of currency and exchange and credit policy. I entirely agree with him that some of the measures that he has adopted are just those measures which the currency authority of any country would be forced to adopt in the circumstances in which my Honourable friend is placed, but then I would submit that my Honourable friend the Finance Member and his Department, with all the knowledge and experience they have, cannot accurately study the intricacies of the money market and the credit position of the country in the same way as a Reserve Bank can be trusted to do. That is the whole weakness of the position of my Honourable friend, the Finance Member, when he attempts to give his apologia for his currency and credit policy. Year after year, during the last four or five years, my Honourable friend and his predecessor have been attacked by the Indian commercial community for the policy of the contraction of currency which they have been pursuing. I entirely agree with my Honourable friend that contraction of currency is one of the legitimate methods employed by the currency authorities of any country in the world under certain circumstances, but I would again submit that with all his knowledge and experience, my Honourable friend the Finance Member cannot be trusted to appreciate the position of the money market and the credit position in the country as the Reserve Bank can be expected to do. My Honourable friend in his last Budget speech drew a comparison between the fall in prices of commodities in the world and the contraction of currency that he had made and attempted to prove that the relation between

the two is just what it ought to be. But here is an article in a paper that came to me this morning. It says that, if there has been a fall in the commodity prices of India, there has been this fall of prices throughout the world, and if measures taken to contract currency are justified on the ground of a fall in prices, then every country in the world must have contracted its currency. But what exactly is the position? Some of the most important countries in the world during the last few years, though they were also faced with the problem of a fall in prices, have actually expanded the currency instead of contracting it. In India from March 1926 to December 1930 there has been a contraction of currency to the extent of 20 per cent. of the total volume of currency, whereas during the same period in the United States, which had experienced even a greater tumble down in prices than India, there has been an expansion of currency to the extent of 4 per cent. In Japan there has been an expansion of currency to the extent of 19 per cent., while it is only in the case of Great Britain that there has been a contraction, but that contraction is almost negligible, because it is 0.54 per cent. How is my Honourable friend the Finance Member going to justify his policy of contraction in the face of what has taken place in other countries? This argument, whether my Honourable friend is right or wrong in contracting currency, is one which does not lead us to any satisfactory solution. Month after month and year after year the Finance Department and my Honourable friend maintain that the measures that they take are absolutely necessary in the existing circumstances of the country, and month after month and year after year trade and industry in India are crying that as a result of the undue contraction of the volume of currency, money rates have been made dear and therefore trade and industry suffer. The only solution is a Reserve Bank, and if it is established, the Indian public can trust such an institution to understand and study the various delicate situations that arise from day to day in the money market and the credit position of the world and adjust the volume of currency to suit the needs of the day. It is only a Reserve Bank that can be trusted to do that and no Government, even though Sir George Schuster is the Finance Member, can be trusted to carry out this policy to the satisfaction of the public. I would therefore suggest to my Honourable friend that in his own interest and in the interest of the Finance Department of the Government of India, irrespective of the future constitutional developments of this country, a Reserve Bank ought to be established at the earliest possible moment. But it might be asked, if a Reserve Bank is to be established, have we got enough gold reserves? If today our gold resources are depleted, if today the want of these gold resources is a serious hindrance to the establishment of a Reserve Bank, I would submit that a part of the blame has to be placed on the shoulders of my Honourable friend the Finance Member. You have only to study the composition of the Paper Currency Reserve during the last two or three years to find out how, week after week, our gold resources have been disappearing from the Paper Currency Reserve. If I were to go into a detailed examination of this question, it would take me into intricate and technical matters. Suffice it to say, that our gold resources are certainly not as they ought to be, but with all that, we have to face the problem of the establishment of a Reserve Bank.

In dealing with the Paper Currency Reserve there is one aspect of the activity of my Honourable friend the Finance Member which has been

[Mr. R. K. Shanmukham Chetty.]

criticised in certain commercial quarters, but for which I do not criticise him. I refer to the sale of silver. The Government of India have been selling their surplus silver on the market ever since the Hilton-Young Commission reported, and they have been seriously criticised for this by some sections of the Indian commercial community. I am not one of those who agree with that point of view. If we are to establish a Reserve Bank and if we are to place our currency on a gold basis, then the sooner we get rid of our surplus silver the better it will be. Not only that. I would go further and say that one great obstacle in the way of our going on to a gold standard and the establishment of a Reserve Bank is the enormous volume of silver rupees in circulation, which means that the Reserve Bank must undertake the liability of redemption in gold of these silver rupees. That problem can be faced in only one way, and that is by disposing of the surplus stock of silver in the Government of India treasuries. In this matter, if there has been some amount of criticism on the part of the public, it is due to the fact that the Government of India have not given details relating to their sales of silver and how those sales compare with the annual output of silver in the world. There are those who have maintained seriously that this tumbling down of silver prices in the world is due to the Government of India placing their surplus on the market. As a result of the study of an article by Mr. Findlay Shirras in

12 Noon. the *Times of India* some time ago, I find that though the action of the Government of India, in placing their surplus silver on the market, has certainly contributed to the lowering of the price of silver, it is certainly not the prime factor in the fall in the price of silver. (Hear, hear.) The Report of the Controller of the Currency, Sir, gives every year the total quantity of the Government of India's silver reserves, but I would suggest to my Honourable friend to ask him to give in his Report statistics showing the various sources from which silver has been placed on the markets of the world every year. I have not got the exact figures, but I find that, from the date of the Hilton-Young Currency Commission's Report to the end of February, 1930, the total quantity of silver placed by the Government of India on the world's markets, was only 67.8 million ounces, whereas within three or four months of the year 1930, the Government of Indo-China itself placed on the markets 50 million ounces of silver. Within a few months the Government of Indo-China, Sir, placed 50 million ounces on the market, whereas the Government of India in the course of five years placed only 67 million ounces of silver on the market. Apart from that, Sir, here is a diagram which gives the world supply of silver in the year 1929, and from this diagram I see that it is the Mexico mines and those of the United States of America that are responsible for all this quantity of silver in the world's market, and that the total quantity of silver placed on the market by the Government of India in the year 1929 is probably less than 15 or 20 per cent. of the total volume placed on the market by these countries. That, Sir, would show that the Government of India are not after all responsible for the tumbling down of the price of silver in the world. But I say that if the public do not judge the situation properly and level what sometimes is an unfair criticism against the action of the Government of India, it is because my Honourable friend, the Finance Member, and the Controller of the Currency have not given all the relevant facts and figures on which the public can come to a proper judgment on this point. Sir,

my Honourable friend, in his last year's speech, gave an indication of some international co-operation in the matter of regulating the price of silver. So far, nothing has materialised. But I would ask my Honourable friend to be careful and watchful of the interests of India in this matter if and when such international co-operation materialises. I have no doubt that my Honourable friend would very jealously guard the interests of India in this matter, but my apprehensions have been seriously aroused by what I read in a telegram some time back, and this is the telegram:

"In connection with the Senate inquiry into the causes of the decline of American trade with China, Mr. Pittman, the Chairman of the Sub-Committee, pointed out that it was the result of a similar drop in the value of silver and in China's purchasing power. He hoped that Britain would stop the release of silver bullion from India. He considered that silver would revert to its normal price if sales were suspended for three years. It was merely"—says this great senator of America—"a matter of persuading Britain that the establishment of a gold standard in India was an impossibility."

Sir, America wants us to learn through Great Britain that the establishment of a gold standard in India is an impossibility, and therefore it advises us, through Great Britain, that the Government of India must be asked to stop their sales of silver. I am sure that if our Indian critics realised fully the implications of the silver position, they would not merely support the Government of India in their policy relating to the sale of silver, but would urge upon the Government the necessity of getting rid of their surplus silver stocks at as early a date as possible. In this connection, Sir, I would like to offer my Honourable friend a suggestion which has already been made to him in certain quarters. When the time for this international action arises, and if America wants that we should not place our surplus silver on the market, my Honourable friend should ask the Federal Reserve Bank of America to give us a gold loan against our silver, and that would be one of the means by which we can replenish our gold resources and thereby hasten the day for the establishment of a Reserve Bank. I hope, Sir, my Honourable friend, the Finance Member, will keep this suggestion which has been already made to him in mind and see that if the Government of India become a party to international action in this matter, we should secure a gold loan from America in consideration of our stopping the sales of silver for some time. These, Sir, are some of the matters which I thought it would be worth while for me to draw the attention of this House to at this stage of the consideration of the Finance Bill. I know, as I said, that the discussion on the Finance Bill by immemorial custom has ranged over a wide variety of topics, but I will not exercise that right. (Hear, hear.) I would, therefore, Sir, conclude my speech with these remarks. (Loud Applause.)

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, the House has listened with the greatest interest to the able speech which has just been delivered. I do not wish to traverse the same ground. I wish to confine myself in the remarks I have to offer to the House to the question mainly of retrenchment. Sir, we are faced with the reality of a huge deficit of 14½ crores. Whether there has been in fact any real retrenchment or not, the fact remains that there is this big deficit; and the problem with which we are faced now is how to make it up, how to fill this gap. There are two methods; one is retrenchment, and the other is taxation. The Honourable the Finance Member has told us that

[Sir Abdur Rahim.]

it is not possible to find any money by retrenchment of expenditure and that, therefore, we must support his Finance Bill, by which he wishes to raise 14½ crores. We on this side of the House are not at all satisfied, Sir, that there is really no room for retrenchment. Not only that, we are convinced that there is considerable room for retrenchment (Hear, hear) both on the military and on the civil sides—more perhaps on the military than on the civil side. Sir, His Excellency the Viceroy in another place said that taxation should be as light as circumstances permit, easy of collection, and certainly proportionate to the means of the tax-payer today. I am sure that that advice his own Government will take to heart, and it is in that light, Sir, we shall address ourselves to the Finance Bill. We all know, the fact cannot be denied, that India is the poorest of all countries; the means of livelihood of the masses are so narrow that they have hardly any margin, whatever left, not to say of ordinary comforts which people in other countries enjoy. Therefore, any further taxation in this country would mean encroaching upon the means of barest subsistence of the people. We have the other fact, a very glaring fact, that the military expenditure of India, compared with the income of the people and the expenditure on the civil side, is extremely disproportionate. More than half of the revenue is spent on defence. We, on this side of the House, feel very grave difficulties indeed in making positive suggestions in what directions the military expenditure can be cut to any substantial extent. The Military Department is a sealed book to the people of India. We know nothing about the administration of the Military Department; we are not allowed to look into it at all. A very small item of military expenditure is placed before us for voting. Similarly on the civil side, though to a less extent, a great proportion of the Demands are non-votable. Therefore, our difficulty in making substantial cuts is very great. Substantial cuts if made by this House would be more or less of an irresponsible character. To this difficulty another difficulty is added by the way this Budget and the Finance Bill are presented to the House. Sufficient time is not given to us to consider the proposals of the Budget in any detail. We have, therefore, very little opportunity to deal with the details of the expenditure and it was that reason which actuated us not to make any substantial deductions. That was the reason and the only reason why we refrained from making substantial cuts. The other day, when the Budget Demands were granted, some of the Honourable Members on the Treasury Benches smiled, giving the House the impression that we have put ourselves in a sort of dilemma. Nothing of the kind. We made our position absolutely clear from the beginning. There can be no misunderstanding on that point, namely, that because we have passed the Demands, therefore, we are precluded from interfering with the Finance Bill. If that were so, we would have made very large cuts indeed in the Budget. That position must be clearly understood. Therefore, as we made it clear, we are going to deal with the Finance Bill properly. Let us see for a moment—though we are all ignorant about military matters, and that is always flung at our faces—let us see whether really there is no possibility of reduction in the military expenditure. Defence, and what is necessary for the purpose of defence, must be judged and must be ascertained with relation to the position of India and the people and the nations outside. Looking at the Military Budget, any one would think that India is in constant danger of invasion from outside forces. Who

are those neighbours of whom we are so much afraid? **Afghanistan** Really, does any one believe for one moment that Afghanistan is in a position or willing or wants to make any invasion on India? We are always referred to past history. We are told, look at the Khyber Pass. But the Khyber Pass today has not the same significance as it had in the days of Alexander the Great, or Muhammad of Ghazni or Babar. We know that India, as a matter of fact, stands in no danger of invasion from Afghanistan or Persia or Nepal for the matter of that, or the great China. At one time we were always frightened and I believe the Indian babies used to be frightened by the talk of the Russian bogey and Czarist Russia. I have not the least fear in that direction. Czarist Russia is no more in existence, and I, for one, would require a great deal of convincing that the Soviet Russia has got any designs upon India. We, Asiatics, generally speaking are not like the modern European nations. The European nations are always ready to fight and destroy each other. That has not been the spirit of Asiatic nations of the East after the mediæval ages. (Hear, hear.) So far as that is concerned, we are far advanced far more advanced than the people of Europe. In Europe the nations have to be always armed, lest any excuse might be found to bring about a war. Is that really the case in India? Is it really necessary for us that we should be always armed to the teeth against possible invasions?

Then, Sir, a great deal is made of the frontier raids. When I came here, I made enquiries of a number of friends, especially those who live in the North-West Frontier Province. All that I could get was that there were raids. No doubt we call them raids, but it is not anything which by any stretch of imagination could be called or could be said to be a danger to the safety of India. Some people's property may be looted by a band of men consisting perhaps of ten or 30 men well armed, or some man might be caught hold of by these rebels and held to ransom so that they can get money from their relatives. For that purpose, surely, it is not necessary to have a huge standing army. Nowadays, especially when you have got an air force, there is not much need for a large army. It is considered even by military authorities, as one reads in the newspapers,—and I think my Honourable friend Mr. Arthur Moore also pointed it out the other day—that when you have an air force as a substantial addition to the armies, it should be possible to reduce correspondingly some of the other arms. I find that for the Air Force I think something like 3 crores of rupees have been budgeted. Do you find any indication that any reduction in any of the other arms is thought of? Not long ago so far as Mesopotamia was concerned, we read in the newspapers that the British Government proposed to withdraw the garrison from there and substitute it by air arms, and they thought that their interests there would be sufficiently guarded and effectively guarded by the air arms and at much less cost. Is not that a consideration which the military authorities might well be asked to take into account? We are well aware that the military authorities are all experts; and even in the civil Departments the most difficult thing for any administrator is to deal with experts. They can always say that a certain thing will not do and it is very difficult to argue with them. It is a natural tendency, especially for the military, to perfect their organisations as much as possible. There is indeed no limit to it, but some limit has to be found. One is, what are the dangers against which we have got to guard ourselves. and the other is, what are the resources of the

[Sir Abdur Rahim.]

people. They have to take these matters into consideration. There is another special difficulty in this connection, of which I am fully conscious, and that is that the British troops are controlled by the Committee of Imperial Defence in London. But whatever that may be, whoever may be the ultimate controlling authority, we are entitled to point out, this is the limit of our resources and we cannot pay any more without undergoing the greatest hardships". It is indeed for the Committee of Imperial Defence to decide; but I am sure that in coming to a decision they will listen to the advice of Their Excellencies the Viceroy and the Commander-in-Chief. These high officials are well aware of the financial condition of the country, and we will have to appeal to them to impress upon the Committee of Imperial Defence that it is necessary, in the broader interests of the country, that the expenditure should be considerably reduced. That, Sir, is all that we can do in this matter.

As regards the civil side, many of us have had experience of the civil administration and know the ins and outs of it; and no one can really deny that there is also room on that side for considerable retrenchment. I am sure there is no Member on this side of the House who would make irresponsible suggestions which would in any way impair the efficiency of the administration. I for one am always conscious that the British in India have conferred a great boon on the people by establishing a systematic administration in the country and by eliminating corruption from public life to a very substantial extent, if not altogether. I for one am prepared to pay this high tribute to the members of the Civil Service; but at the same time we are all aware and we are very much impressed with the fact that as time has gone on there has been a growth in the civil administration which might well be pruned in certain directions. Several instances have been cited in the course of the discussion, and I will just mention one. We know that we maintain a large establishment in the India Office and the expenditure there is by no means despicable; and we have now established also a High Commissioner who has also a very large full-fledged staff. Now, the High Commissioner is supposed to have taken over some of the functions of the India Office. Has there been then any reduction in the expenditure of the India Office worth speaking? We have given a magnificent house to the High Commissioner and his staff. I have not seen it, but I am told that it is very inartistic and I can quite believe it. I know what some of their architectural productions are. We have therefore the High Commissioner with his expensive staff side by side with India Office. Now we are going to have radical changes in the constitution, and I ask, is it really necessary to wait for the change in the constitution, in order to effect a reduction in the India Office? It is well known, it is no secret to any one that there are several members of the India Office who have very little work indeed given to them. Is it necessary to keep up all this staff there? That is in fact really what has been going on throughout the administration. Take for instance the district administration. We know that a Decentralisation Commission was instituted some time ago and one of the results that was expected was that the expenditure on the ordinary administration would be substantially reduced if we promoted local administrative bodies like district boards, local boards and municipalities; but what has been the result? All these additions have been made, but the administrative staff remains the same or rather has gone

on increasing both in the Secretariat and in the districts. Now, one thing which is very noticeable in the present Indian administrative arrangements is this: we have got a sort of layer upon layer of supervising staff, and by that very means work is multiplied and necessarily also the expenditure. One other great evil of this system is that the sense of responsibility is lost somewhere. In the provinces, for instance, a persistent cry has been going on for some time, at least in Bengal, for the abolition of Commissioners.

An Honourable Member: In Bihar too.

Str Abdur Rahim: And in Bihar also, which stands really on the same footing. But no heed has yet been paid to it. The Collector is the centre of district administration. He is a highly paid official and yet you must have some one to supervise his work; he cannot deal direct with the Government. I have never been able to understand the reason.

An Honourable Member: They have no Commissioners in Madras.

Str Abdur Rahim: There are other provinces, for instance, Madras, where they have no such intermediary. There is one Board of Revenue and that deals directly with the collectors as regards revenue matters. That is why I give that as an instance. Now, in the Secretariat—I speak from experience of a Provincial Government. They are really over-staffed. We have got clerks, very good clerks and assistants who know their business thoroughly well. But that is not sufficient. We have Assistant Secretaries, Deputy Secretaries, Under Secretaries, Joint Secretaries and Secretaries. This machinery is really so complicated that it becomes very difficult to know on whom to rely. The work is multiplied and the expenditure is increased. Mention has been made of allowances; and latterly the leave allowances have been made so generous that it is as a matter of fact more paying to an officer to go on leave than to work in his office. Surely there is considerable room for economy in all these matters.

As regards salaries, I think there can be no doubt, as Mr. Shanmukham Chetty has very forcibly pointed out, that contractual obligations of the Government, whether towards those who are recruited in England or those recruited in India, must be respected. There can be no two opinions about that. In some cases there are express written contracts or covenants; in the case of others there is no such written contract perhaps, but it must be taken that there is an implied contract that, except for misbehaviour, an officer once appointed must continue to hold office and to draw the salary on which he was appointed. So far there can be no doubt. Furthermore, I must warn those who may have to consider the question of retrenchment, that as regards reduction of salaries, there is a point beyond which they ought not to go. We can never be too careful that we do not pay our officers salaries which are not sufficient to supply them with reasonable comforts of life and to assure them against privation or want. That is the proper standard which has been adopted by the authorities.

So far as reduction of salary is concerned, that is one general principle which has to be borne in mind; and so far as European recruits are concerned, as my Honourable friend, Dr. Ziauddin, pointed out the other day, they have to be given sufficient pay and emoluments to attract the best kind of recruits. In this respect, Indian opinion is quite clear and so long as we have to import recruits to services from Europe—and we will have to do it at least for some time to come—we have to be prepared to pay

[Sir Abdur Rahim.]

them sufficient wages. I therefore only want to point out that on the question of retrenchment the principle on which the salary is to be based must be carefully borne in mind.

As regards the different provisions of the Finance Bill, on the question of taxation of income, opinion is unanimous on this side of the House that the income-tax, as it is, is very high and cannot properly be made any higher. Some of us would be prepared to consider whether a very moderate increase is possible or not. But the increase proposed by the Government is of a character which none of us will countenance. As regards the case of import and excise duties on kerosene oil, the principle we are going to adopt is that the duty should be so regulated as not to cause any hardship to the poor; and the same principle we are going to adopt, if there is to be any increase at all in the income-tax, that the incidence of the tax falls less heavily on the people with the lesser income.

Diwan Bahadur T. Rangachariar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, we have now come to closer grips with the Finance Bill. The Honourable the Finance Member's proposal by means of this Finance Bill is to add about 15 crores of additional taxation, he having had the advantage of raising last year 5 crores of taxation. So, what is it we are asked to face? We are asked to take up, by the Honourable the Finance Member on behalf of the Government of India, the responsibility in the course of two years for an additional burden of nearly 20 crores.

Mr. C. C. Biswas (Calcutta: Non-Muhammadan Urban): More than that, Sir. Last year the new taxes . . .

Mr. President: Order, order. Let the Honourable Member proceed.

Mr. C. C. Biswas: Last year the additional taxes gave the Finance Member much more than he had anticipated.

Diwan Bahadur T. Rangachariar: That is rather a question of minor importance, if my Honourable friend will permit me to say so, if you look at the net result. Now, Sir, if the Honourable the Finance Member were in our position, if the Honourable Sir George Schuster were representing the public of India in this House, would he consent to such additional taxation? I put him this question direct. Would he go before the Round Table Conference and accuse us of a sense of irresponsibility and tell us, "Look at these gentlemen; I told them this taxation was necessary to fill up the gap; they won't fill up the gap; they refuse me supplies; this is the sort of people to whom you are going to transfer responsibility." Sir, we wish to justify ourselves before the world, if not before the Finance Member in refusing supplies to the extent we propose to do. Sir, I may take him into my confidence as regards the attitude at any rate which my party is going to take. We are going to refuse supplies to the extent of nearly 6 crores. (Hear, hear.) How we propose to do that is a matter of detail which I will come to later on. We do consider and agree with him that, as a temporary measure, having regard to the conditions through which the country has passed, it will be necessary on our part to share the responsibility with the Government of India,

although we are not responsible for all their sins of omission and commission, but still, they being the Government as they are now by law established, we have to submit to them, and therefore we think reasonably that to the extent of about 9 crores or less than 9 crores we may have to fill the gap by additional taxation. We do think, Sir, that the rest of it should be found by retrenchment. I am not going to labour the point in great detail. After all, our proposal, if the Honourable the Finance Member will examine it, comes to between 4 and 5 per cent. of the entire expenditure, excluding expenditure on the Railways. Our net expenditure is about 135 crores. 4 per cent. out of 135 crores, if he cuts off from the various Departments of which the Government of India are composed, including the military, will not be a heavy burden to take on. Only there is the will wanting on the part of the Government of India. That is the way we read the situation. We want to force that will to come into play. But if notwithstanding this appeal on the part of the non-official Benches, the Government of India persist in imposing this additional burden upon the people of India, the responsibility shall not be ours. They will have to take the whole responsibility on their shoulders.

Sir, we have listened for the last three days to the long and heavy budget of grievances of the people of the land. They are either genuine grievances or what my friends believe to be genuine. I refute the statement made by one Honourable Member yesterday that the grievances which have been put forward are only imaginary. They are believed to be genuine or they are genuine grievances that have been put forward.

Now, Sir, my direct attack on the Government of India is this. They seem to treat this Assembly as a necessary evil. They want to use it as much as the law requires that we should be used. In other respects, where the law does not compel them to consult us, they treat us in a very step-motherly fashion. Distrust, suspicion and no desire to take us into confidence on various matters, refusing to place materials which are needed for our understanding and our discharging our duties here on the spot are some of the things which make us think that they are treating us in a step-motherly fashion. If the Government supply us with materials at all, they supply them in such huge bulk and at such short notice that they are worse than useless, because we get them at a time when we are busy with all sorts of work; we are supplied with lots of materials at such short notice that we have no time either to read or digest the matter placed before us. Sir, I will mention one instance to show how a grave error has been allowed to pass without one word of comment. I heard a very interesting story as to how the finances of India are managed by our paternal trustee-Government. In 1918 there was a shipment of timber sent to a place called Salonika. I forget my geography,—I do not know where it is. (*An Honourable Member*: "It is in Greece"). By the time the shipment reached that place the armistice had been declared and the timber was not required there. So it was diverted to London to be sold there by our agent—I think he was one Mr. Howard or somebody. That Agent kept this shipment of timber for two years and yet could not find a sale for it. I think the timber was worth more than £20,000 or £30,000, I forget the exact figure. Well, the London agents said that they could not find a market for this consignment of timber, and so they were advised by the Government of India to sell it for any price they could get. Consequently

[Diwan Bahadur T. Rangachariar.]

the London agents themselves bought it, I think, for £5,000. Then somebody discovered some use for it and said that the timber was required, or at least a portion of it was required, for the exhibition. Then it was suggested that we should re-buy the whole lot, and I think the whole lot of timber was re-purchased for some considerably higher amount than the price for which it had been sold. Then they found there was no use of the exhibition, and therefore the whole lot of timber was kept with our agents. It remained with them until I think their agency was about to come to a close, I believe, in 1926. The London agents could not sell it, and so they asked the Government of India what they should do with it, or if they could sell it for £5,000. The Government of India agreed with the proposal, and so the whole lot of timber worth about £20,000 was sold for £5,000! The amount was kept in suspense, about a lakh and odd for years together; it was not shown in the accounts at all, and quietly, Sir, it was introduced in the Supplementary Demands at the very first sitting of the Finance Committee of this House, which was constituted on the 23rd of January and it was introduced here as a Supplementary Demand without one word of comment. It was passed by this House without finding out who was responsible for this colossal waste and blunder, or how it happened. More than £20,000 worth of timber was lying in the London market for a long time, and then it had to be sold and purchased, again it had to be re-sold and re-purchased which only resulted in a huge loss. Somebody ought to be held responsible for it. It is the officers who are in charge of our finances who are responsible for our poor financial condition. I am only mentioning this to show that very little time is given to us to examine these questions carefully. So that, my complaint against every Department of the Government of India is this, that they do not treat us properly at all.

I will now take, Sir, the Commerce Department. Unfortunately the Leader of the House is not here. Anyhow, I will take the Commerce Department first. What is it that we should like to have information upon? They are matters eminently within the knowledge of these gentlemen who are in charge of our affairs. My Honourable friend Mr. Jamal Muhammad Saib has been agitating for increasing the export duty on hides and skins. Either he has a sound proposition, or he has not. I am not an authority on that subject. I know this much that the tanning industry in Madras is an indigenous industry in which many hundreds of Mussalman families are interested. That industry has grown to be a popular one down in the South, and I believe it was so in upper India. We have got some natural products down there in the South, like *avaram* bark, which enable us to produce nice tanning, and that is how this tanning industry has grown in importance. We know also that the scientific processes of the West are far superior to ours, and they are able to produce in large quantities and thus compete very easily with us. So, America is interested in that. America wants only our raw hides just as every other country wants our raw products so that they can manufacture them and send them back to this country and sell them at a hundredfold price. They want only our raw hides and skins; they do not want our tanned skins. They want to protect themselves, and they have, as my Honourable friend, Mr. Jamal Muhammad Saib has said, put on an extra

duty of 10 per cent. on tanned hides and tanned skins, if I am correct in my information. Years ago when I was here, we put on an export duty of 15 per cent. on raw hides and raw skins. That was reduced in the year 1925-26 to 5 per cent. What was the necessity which induced us to put on this 15 per cent., and what was the necessity for reducing it, when America had put on this extra duty of 10 per cent. so as to make our five per cent. absolutely useless and make it a disadvantage to the tanner in this country? What is it that the Government have done or propose to do? Have they given us any account of their examination of this question? It is a vital question. Nobody can deny that it is a key industry. We want, if possible, to encourage the tanning industry in this country so that we may produce all the leather which is needed for the millions of people who use shoes and other things in this country. Is the tanning industry a key industry? Does it deserve to be protected? Is there any unreasonable competition from countries who are interested in tanning? These are matters in which one would have liked the Honourable the Commerce Member to interest himself and present us with an epitome of information on the subject. But, Sir, they do not do it. I wish to impress upon the Honourable Members of Government that each Department will do well, before the Assembly meets in January or December, to have a memorandum presented to us of its activities. You want our confidence; you want our vote in order to increase the taxation of the people. Then, why should you not give us information about the activities of each Department? On the other hand, what happens? After we have all left, when the information is not at all of any use, there comes "India in 1929-30" or we will have "India in 1930-31" offering criticisms of the way in which the Assembly discharged its duties. We do not want such a Report. We want concise, condensed reports and statistics giving us valuable information; we want a condensed account of the activities of each Department for the year so that we may just judge them fairly. You may say, "We are working night and day; we are working sixteen hours by day and sixteen hours by night." (Laughter.) That may be true, but we want evidence of that, before you can ask us to furnish you with the necessary funds to carry on. We are kept in the dark. People in London come to know of things which happen in India, much sooner than we do. The very first information we have—I suppose, probably my friends in the European Group are in a better position in that respect, but I am not quite sure. For instance, the other day, I saw that the Premier had announced in the House of Commons with a great sense of pride that some roads had been constructed somewhere of great value, and all that was done so secretly and so quickly that he claimed credit for the people who did it. The people of India who are interested in these things know so little about them. I have heard so much about the activities, or rather the misconduct or rebellious conduct of a regiment known as the Garhwali Regiment. We get only allusions to this in various ways, but up in London, they seem to know things much better. I find that immediately thereafter questions were asked in the House of Commons, when the whole country here was in the dark. The House of Commons somehow or other come to know of it and they put questions there. How is it that the people of this country, at any rate, we who belong to the Legislature, how is it that we are neglected in these matters? It is not only in this matter; I can give you hundred and one.

[Diwan Bahadur T. Rangachariar.]

if not a thousand and one instances, in which we were neglected. My accusation against the Government of India is this. You think, "The Statute requires us to consult you so far. Beyond that, we will not do it. We will consult you with insufficient materials; we will keep you in the dark. Vote as you like. Vote in the dark as you like, or vote according to our mandate". Sir, we refuse to be a party to that sort of thing.

Take this question of kerosene oil, on which my Honourable friend Mr. Shanmukham Chetty has made a constructive suggestion today. Not that I have accepted it all at once; it is only a suggestion. I see some difficulties in accepting that suggestion; it requires to be examined. What is this excise duty on indigenous oil and the import duty on foreign oil? I am not either an importer or an exporter; I do not know anything about it. But I know this, that the poor people use what is known as yellow oil, and I understand that there is really no competition from the foreign market in yellow oil. The whole of the yellow kerosene is produced in this country. And why should it not be secured to the people of the country at a little over the cost price, giving a reasonable profit to my Honourable friend Mr. Heathcote and his company? I will put my questions straight to Mr. Heathcote. Why does he enter into this pool, or what is called some arrangement with some foreign companies, and keep up the price of yellow oil, which had a margin of difference of Rs. 1-6-0, and now the difference is reduced only to eight annas? Will he undertake on behalf of his company to restore the difference between the yellow oil and the white oil at least by one rupee? Then, I can understand, it does not matter whether it is a foreign company, or white men running an indigenous business, and all that. I do not think all those things will count; but no doubt, there is some sort of prejudice against that company, and I find from the discussions of last year that they made a huge profit of 30 per cent. or something like that, or their bonus was nearly four times the value of their original paid up capital, and all that. My object, and I dare say that my Honourable friend Mr. Chetty will agree with me in that object, as my Honourable friend Sir Abdur Rahim has told us,—is that we want to benefit the poor. And which is the best way of benefiting the poor? The proposal of my Honourable friend Mr. Chetty will not benefit the poor; on the other hand, it will increase the burden as much as the Government propose to do. But that is not benefiting. You increase the excise duty by three pies. My Honourable friend Mr. Heathcote will say, "You have increased the excise duty from one anna six pies to two annas three pies or two annas six pies, and therefore the price of yellow oil will go up. I will be justified in putting up the price of yellow oil". We want to reduce the price of yellow oil, which I think the B. O. C. can well afford to do but for this understanding, this mischievous understanding with some other foreign companies. Therefore, if there is some way of enabling the Government to keep the excise duty as it is and increase the import duty, on the understanding that the price of yellow oil will be reduced so as to benefit the poor, that will be a more preferable course to adopt than the one suggested by my Honourable friend Mr. Chetty. These are matters on which we want the assistance of the Commerce Department. They are in a better position than ourselves. They know exactly the quantity exported and the quantity imported, they know also the quantity of output

in the indigenous companies, and what other indigenous companies there are, and how this proposal will affect them. All this we do not have, and we will have to vote in the dark. We have to be informed; lawyers like me, and possibly people in other walks of life may not have expert knowledge on this subject. For instance, my Honourable friend Sir Cowasji Jehangir who is a merchant,—probably he is interested in cotton mills, I do not know; he may not know anything about oil. We want information to be placed before us. Such information should be placed before us before we meet. Again, take the question of wheat. I am glad to see from the newspapers, and I think it is also on the agenda for tomorrow, that some Bill will be brought forward giving temporary protection for wheat. This is a matter which ought to have been examined and I am glad such a proposal is coming forward.

1 P. M.

So also in the case of the Home Department. I am sorry the Home Member is not here, because I am going to say severe things against that Department. I am not making my statements with a view to accuse them for the past. I want them to learn the lessons of the past. I thought they had learnt the lessons of 1919 and 1920. I want them to realise the great harm which is done to the country and to the relations between the Government and the people by the adoption of what I may call the newer methods of terrorism. It will not do to adopt terroristic methods to put down reasonable agitation or even unreasonable agitation. I will make the civil disobedience movement as an unreasonable agitation. As the Government, you owe a sense of responsibility to the people, and my charge against the Government is that they have been looking askance at the excesses committed by the police. Take the Magistrates. A Magistrate in Guntur passed an order under section 144 prohibiting the use of Gandhi caps. A more foolish and silly order I cannot conceive of. It was brought to the notice of the Government. It was brought to the notice of the Home Department of the Government of India. They simply kept quiet and saw how the order worked. Some people had got to go to the High Court to get that order set aside. They gave the Advocate General to defend it. The High Court set aside the order, and the Magistrate got a C.I.E. for abusing the section and passing that foolish and silly order under section 144. This is the way in which you discourage the abuse of the law! Then the national flag was hoisted on the tops of some bazaars in Rajahmundry or Cocanada. What is the ground on which the Magistrate passed an order? He said that some rowdies and persons addicted to violence might take offence at seeing the national flag flying on the top of the building, and there might be a breach of the peace, and therefore the flag must be pulled down. You prevent what is lawful, because rowdies are going to object to it. These are exactly the terms of the order. The High Court saw what a silly order this was, and set it aside. Instead of smoothing matters, these orders are likely to increase the bitterness of the people. What does that Magistrate do? He does not care for the judicial officers. That man gets a C.I.E. whereas a man who so behaves that everything is quiet in his district, gets nothing. The man who is statesmanlike in his manner, gives the people latitude and sees that there is no trouble—that man does not get a C.I.E. or C.S.I. You encourage the man who invites trouble, who is the strong man. This sort of mentality will not do. In the Punjab also the High Court has set aside some orders wrongly made. You encourage the officers

[Diwan Bahadur T. Rangachariar.]

who abuse and misuse the law and reward them for their excesses. If you want the people to respect the laws, you must first make your Magistrates respect the laws. I do not want an inquiry to be made into the past. I am so glad that Mahatma Gandhi has waived his claim for an inquiry into police excesses, but I want the Government to learn a lesson. I have not yet forgotten Sir William Vincent telling me to forget and forgive the past, with regard to the Amritsar tragedy, the Jallianwala Bagh affair and other things. He asked me to withdraw the motions of which I had given notice and I yielded. Having learnt a lesson, I ask you not to repeat your terrorism. That will never pay. I think if you resort to it, you will only be inviting more trouble. It may have a temporary effect, but the lasting effect will be against you. I say it with all the earnestness that I can command, that for every man beaten with a *lathi* there will be at least a 100 who will sympathise with him—not only men but women of respectable families, like the grand daughter of Sir T. Madhava Rao, a very distinguished Indian statesman of high standing. They come forward and say "Beat me". That is the spirit which has been raised among the people. That is due I say deliberately to the way in which the authorities have behaved and the law has been abused. I am not here for reproach or recrimination. I am here to appeal to the Government of India to take the lesson to heart.

Then I come to the question of Indianisation. The Home Member might have taken us into his confidence and told us what progress was being made with this question of Indianisation in which we are all so much interested. Why should not each Department come forward and give a small account of what has been done. I do not want Muhammadanisation, or Hinduisation or Christianisation. We want figures as regards Indianisation. This information we have got to wring out from you by means of questions. If you supply us with this information, much of the trouble will be avoided.

I now turn to my Honourable friend the Finance Member. In his closing Budget speech, referring to me, he said, "My Honourable friend is somewhat unfair in his remarks. As regards the study of economic conditions in its wider sense, it does not fall directly within the scope of my own duties". Then does it fall within the scope of my Honourable friend the Commerce Member or the Member for Education, Health and Lands or the Member for Industries and Labour? It falls on nobody. That is the unfortunate part. Then without that knowledge, how can you adjust your taxation proposals without a knowledge of the earning capacity of the individual and the family, how much he earns, how much he spends and how much you should take up for your taxation purposes. I do not want accurate mathematical calculations, but some approximate calculation which would enable the Government of India to frame their taxation proposals. Now what is their proposal? Their proposal is to increase the tax payable by the lower-grade income-tax assesses. Sir, as has been very ably pointed out by my friend, Mr. Heathcote, that shows how ignorant they are of the conditions of these people earning salaries under Rs. 5,000. They are thoroughly ignorant of their standard of living, of their requirements. That is the difficulty. We have got model villages, model families. Take them. We do not want perfect accuracy, but let them take these into account before they bring forward their taxation

proposals. Sir, this sort of ignorance ought not to be allowed. Let somebody gather the information, and utilize it not only for your own information, but for our use. Sir, we who live with the people know their condition best. We know that these people cannot bear the burden of additional taxation which you want to impose on them,—and you laugh at it; you think we are only people looking for public appreciation or for the cheap popularity of the people, and in that way you discount us. But what do you do? You work upon guesses which are favourable to the assumption on which you proceed. That sort of thing ought not to be allowed to proceed; I shall make one statement publicly. The Finance Member comes from abroad. He is a stranger to the country. He sits here for the usual period of five years. It takes him three years to understand the situation in the country. By the time he begins to understand the situation, he thinks of going home. Now we thereby do not get the value of people like Sir George Schuster after they have gathered ripe experience? Why, I ask, should he be under the same disability? He is not a service man with 30 years' service in the country who therefore has become sun-burnt. He comes here fresh with his English ideas and vigorous in intellect,—and why should we not have the benefit of his service for a longer period? (“Hear, hear” from the non-official European Benches.) The thing goes on uniformly. In the same way Sir Basil Blackett came here, and then went away, leaving difficult problems for Sir George Schuster. I am here to blame Sir George Schuster, the man, on the spot, but if Sir Basil Blackett had been here, I would have gone for him like a tiger (Laughter) for having induced us to waive the provincial contributions—which I say with all due respect to my Honourable friend, Diwan Bahadur Ramaswami Mudaliar—and also for those debt redemption operations at a time when our credit was as high as possible, and for his currency policy, when people thought he was guiding us properly in respect of currency and exchange. And I ask Sir George Schuster in all seriousness what is his real opinion about currency (Hear, hear), not the Government of India's opinion? (Laughter.) Now, that is my point. I do not want to dabble in that myself, but I want the honest, expert opinion of Sir George Schuster, because we are being flooded with contradictory opinions. My friends who are every day engaging in commerce tell me that the whole country is going to the dogs—and of course I quite agree with you that any disturbances at present will upset our Budget. I am satisfied about that—but how far? I would ask, “Are you allowing the patient to die for fear of immediate operation?” That is the point on which I wish to be satisfied. If you tell me your opinion in private, I shall be satisfied. (Laughter.) Sir, then again I do not think I will trouble the Finance Member much further because, after all, he has got to bear the burden.

Now, I wish to come to the Department of Education, Health and Lands presided over by my friend, Sir Fazl-i-Husain. Sir, my great complaint is that he does not allow provincial autonomy. He wants to hold them tight. Sir, if the Madras Council wants to pass land revenue legislation, he does not permit them to do it. He told me plainly, in answer to my question, that he does not agree to this principle, although the Madras Government are prepared to take up that responsibility. That is a vital question, Sir, for the province. Sir, my province is a *ryotwari* province in which the *ryotwari* settlement prevails. There has been for

[Diwan Bahadur T. Rangachariar.]

years past the cry of the people that that settlement and the revision processes affect them vitally and prevent their effecting improvements, for, directly they improve the land, the settlement officers pounce upon their profits. There is thus discouragement against our adopting modern methods of cultivation with a view to improving the yielding capacity of the land, and although the settlement period is nominally 30 years, at the end of 25 years the operations begin, so that you may be in time—just as the Sirjon Commission came in 1928 and 1929; so these settlement operations commence at once long before the actual revision. In fact it is a great burden upon the land-owners and it stands in the way of their reforming the laws of that province. . . .

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain (Member for Education, Health and Lands): Laws relating to land were made by the Local Legislature last year, and the Government of India did not stop them?

Diwan Bahadur T. Rangachariar: I believe the Local Government wanted to legislate on particular lines, but the Government of India stopped them. That is what I think the answer of the Honourable Member to my question in the House indicated. However, that is a matter in respect of which we are all told that it is the Government of India which stand in the way of legislation going forward there.

Then, Sir, I want to know how my countrymen abroad are getting on. The other day I noticed that in the other Chamber a question was put, "How many Indians went to South America from 1900, how many there are in that land, what concessions they are allowed in that land, how they are getting on", and so forth. That was the question,—and what was the answer? I think "Indians Overseas" is a subject in the charge of my Honourable friend, Sir Fazl-i-Husain, as appertaining to the Emigration Branch. But I find, Sir, that Sir Charles Watson, I think, gave the reply; it was he who took it upon himself to give the reply, and he said—I do not know why he took it upon himself being in charge of the Political Department I think—however, he gave the reply, "We have no information (Laughter) as to how many Indians there are in South America". Sir, is that the way in which the Government are interesting themselves in their people abroad? Is that the way to have information about our people abroad? You do not know how many Indians there are in South America? Is that the opinion of the Government of India,—and you come to us to give you supplies to carry on the administration? You profess ignorance of a vital matter like that? (Laughter.) What interest do the English people take in their nationals abroad? How carefully do they inquire into the economic condition of their people, how many people there are in Australia, what their occupations are. Where is the information, I ask, of my Honourable friend, Mr. Bajpai, who is the Director of Public Information here? Why should he not furnish us with this information, instead of giving lectures and writing chapters on the misguided activities of the Indian Legislature, and their other acts of omission and commission. Sir, we do not want such a sort of thing. We want actual information as to the real state of Indians abroad, how they are treated, and so forth, whether they have got equal citizen rights. Why should we not have reports placed on the table before we come

here to the Assembly, in December or January just as we had—in refreshing contrast this year—the information compiled and furnished to us in a very valuable pamphlet by the Director General of Commercial Intelligence showing us the difference in imports and exports of the various commodities. That, Sir, was very useful. Similarly, such information would be very useful, and we should be very thankful for such a performance of their duty by the Government Departments.

Now, again, I should like to ask my Honourable friend, the Industries Member—I am sorry I do not find him here—is there any scheme of technical education abroad? Are there any technical schools started? How is the School of Mines getting on? How are the Indian apprentices getting on? We want to know if the firms which take large Indian contracts have taken Indian apprentices into their mechanical and various other engineering workshops. Have they taken any Indian apprentices? How are they getting on? How many of them are there? Sir, all this information we must have. We must put starred questions or unstarred questions and get the information. We want information about the School of Mines; I know I took a great interest in bringing into existence that School of Mines. We want to know how it has progressed. Is it really imparting useful knowledge to the different students such as would enable them to improve the economic condition of the country and develop the resources of the people? What steps are being taken in that direction? Sir, the huge book called the Budget Demands only gives us the salaries and numbers of establishments, but this sort of information is withheld from us. We want to know how far the contracting firms have abided by the terms on which they have entered into their contracts. I remember distinctly that we insisted from this side of the House that no contract should be given without some undertaking on the part of the contracting firms that they would give every facility and opportunity for Indians to be trained; I should like to know how these things are getting on.

Now, as regards my Honourable friend the Law Member, I should like to know what is the result of his examination as regards the income-tax with reference to Hindu undivided families. I see my Honourable friend, the Law Member, interposed on the last occasion, that when the matter was brought up, he would consider it, but he qualified it by saying, that if some Honourable Member came forward with that proposal. Why should he wait for some-body else to bring forward this proposal? He is equally responsible for this. Why should not the Honourable the Law Member himself have brought forward this proposal? The Honourable Member knows that in July last the Assembly was dissolved. There is another complaint which I have to make with regard to this. Although we came into existence in September of last year, we were not summoned earlier than January of this year. That is another complaint I have to make against the Law Department, and I think my Honourable friend Sir Lancelot Graham is responsible for that. Why were we not summoned earlier?

Sir Lancelot Graham (Secretary, Legislative Department): That is the business of the Governor General.

Diwan Bahadur T. Rangachariar: I know that, Sir; but the Governor General acts on the advice of the Honourable Member. When the Legislative Councils were duly constituted in all parts of the country by the end of September, how is it we were not summoned earlier? Was there no business? You had your Ordinances to issue. How many Ordinances did you issue? Six.

An Honourable Member: Eleven.

Diwan Bahadur T. Rangachariar: Yes; you issued eleven Ordinances. Why ignore us? Why are you waiting for this Assembly to disperse to do something else?

An Honourable Member: What is it?

Diwan Bahadur T. Rangachariar: Burma will tell you. This sort of thing will not do. Take us fully into your confidence, if you want us to share your responsibilities. Do not try to steal behind our back. We should have been summoned earlier. We did not undertake these duties without a due sense of our responsibilities. We would have been delighted to come and assist the Government of India in the matter of enacting these Ordinances, if they were really required. Why suspect us? If you had placed us in full possession of all the information, we would certainly have assisted you. Do not keep us in ignorance of what is going on in the Afridi *jirghas*. Some rumours get across the Indus and we hear all sorts of rumours about the Afridis. I am told the Afridis said to the Chief Commissioner of the North-West Frontier Province, "Look here, you settle with Mr. Gandhi, then and then only we will take our pension". These are the sort of stories that we hear. I do not know how far they are true. After having come here, I hear this sort of thing takes place. Take us fully into your confidence. Do not think you alone are responsible for the government of this country. We want to assist you in governing this country. We want to take the government of the country into our hands. That being so I say this sort of hush-hush policy should be dropped.

Then, as regards the Foreign and Political Department, it is a closed door to us, just like the Army. Not even Indianisation goes on there. Of course, the clerks, the Deputy Secretaries and the Secretaries are all prohibited from having any conversation with any Member of the Legislative Assembly. If any of the members on the staff of the Foreign and Political Department are found conversing with an Honourable Member of this Assembly, it will be construed a misconduct on their part. I do not know if the circular which the Home Department issued some years ago is still in existence. It will be considered a gross breach of the Government Servants' Conduct Rules if any subordinates of the Foreign and Political Department hold communication with Members of the Legislature, and they would be severely reprimanded and otherwise dealt with for such conduct. Therefore, Sir, we do not know what is happening in the Foreign and Political Department. I only find that a sum of 18 lakhs odd is carried on to the non-voted side and the Government merely add a note in one of the statements issued along with the Report of the Public Accounts Committee, saying that in accordance with the wishes expressed by the Public Accounts Committee, they give us the statement. I find under the Foreign and Political Department, a sum of 18 lakhs and odd is transferred to the non-voted side by the Governor General in

Council without any reason. Well, Sir, non-voted items have a tendency to multiply and the Honourable Members will remember, that when they entered the Assembly in 1921, the non-voted items were not so numerous as they are today. If this system of keeping non-voted items should remain, I may assure my Honourable friends that these items would swell gradually and become bigger and bigger.

One word more, by way of adding a proviso to the statement made by my Honourable friend, Mr. Chetty, to my right. I quite agree with him that contractual obligations, as regards pay, should be respected. But he apparently assumed that there was a contractual obligation entered into by the Government of India with their servants that they would be given so much as pay and that the pay was not liable to revision. I do not think there is any such clause even in the covenant of the Indian Civil Servants. But of course it is a matter for legal consideration. It is a matter for legal opinion. But I will only add a proviso to the remarks of Mr. Chetty, that is, "In case there is a binding contract that we should not revise the salary", just as in the case of the Permanent Settlement of Bengal, if that is so, of course, I can quite understand his respecting that contract. But if the contract is, "Having regard to the rise in prices, we can increase or decrease your pay", it is a different matter. If, having regard to the rise in prices, the Government could increase their pay by appointing a Lee Commission, then they can certainly appoint a Low Commission in order to reduce their pay. Why should they not do that? They come to the services with their eyes wide open to this, that the pay depends upon the price of articles and upon their reasonable standard of living. I do not know if my Honourable friends representing the commercial community enter into such invariable contracts with their servants. I think they would revise the salaries just as the standards require. I quite agree that, if there is a contract, we must respect it. If the contract is conditional, and if the Government of India have got the power to revise, I ask them to revise the salaries. My Honourable friend, Mr. Chetty, gives the whole show away, because, having argued that the Government of India have not taken advantage—he quoted chapter and verse for this—that they have not taken advantage of the fall in the index figures of wholesale prices, which he said was from 131 to 101, and having argued that there has not been shown adequate retrenchment, he says that salaries should not be touched. If you retrench allowances alone, I do not think you can save much. Therefore I want that that question should be kept in view, namely, reduction in the salaries, owing to the fall in prices of commodities.

Mr. R. K. Shanmukham Chetty: On a point of personal explanation, Sir, I do not think there is any difference between my point of view and that of Mr. Rangachariar. My point of view also was that, if there was contractual obligation, that ought to be respected.

Diwan Bahadur T. Rangachariar: Only that proviso was needed and so I will not press the point. Therefore, it is a matter which we have to examine with great care. After all, as I said the other day more than 60 per cent. of our revenues go to maintain the establishments in one form or another. If that is so, and if we cannot cut down our expenditure in that direction, there is no use of attempting to appoint a Retrenchment Committee. At least for the future, we must set our houses in order.

[Diwan Bahadur T. Rangachariar.]

Sir, there is only one word more. I find there was rather undue haste on the part of my Honourable friend Mr. Sams to repudiate the criticisms offered by Mr. Puri behind me. He made some detailed criticisms and suggestions as regards the way in which the Postal Department could be retrenched. But the hurry with which Mr. Sams dealt with the detailed examination in question—I do not know if Mr. Sams was furnished with a copy of the speech beforehand, otherwise I could not understand his readiness to repudiate the suggestion offhand—the hurry with which Mr. Sams repudiated the suggestions is something which should not be allowed in the case of heads of Departments. The tendency of heads of Departments to repudiate constructive suggestions offered by Members of this House is one which is to be deprecated

Mr. J. A. Shillidy (Secretary, Industries and Labour Department): The Honourable Member who delivered that speech was kind enough to give Mr. Sams a copy of his speech beforehand.

Diwan Bahadur T. Rangachariar: Even if he showed a copy of his speech, it was rather a hurried rejection of the constructive suggestions

Mr. J. A. Shillidy: On the contrary I believe the Honourable Member expressed his satisfaction after the convincing explanation that was given him.

Diwan Bahadur T. Rangachariar: It appears to me, Sir, that it was a very constructive criticism which my Honourable friend Mr. Puri offered, and it was the best that I listened to in this House dealing with the Department as a whole, and I had hoped it deserved better treatment at the hands of my Honourable friend, Mr. Sams. I hope and trust that heads of Departments will co-operate with us in examining the constructive criticisms that we offer. After all, it is their work as it is our work. Let us not consider that we belong to different parts of the House. We all belong to one and the same part of the House. We all have one aim in view, that is the good of India. We are all servants of India, some of us paid, and some others unpaid. We are all servants of India. Let us all rise to the occasion, and on an occasion like this, let us put our shoulders together, let us all put our brains together and evolve a constructive policy which will endure for the everlasting good of India. (Applause.)

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

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

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Mr. President, I do not know what impression you have formed during the last two days of the discussion that has been going on. But I am afraid, Sir, that if the response that has been made by some Members on the Treasury Benches is an indication of the idea that

they have of the value of the speeches, none of us need feel complimented. The Leader of my Party in this House, Sir Abdur Rahim, got up this morning and occupied the time of the House for nearly half an hour in dealing with the Military Budget, and what was it that we saw on the Treasury Benches? In the first place this House is complimented by the fact that for a grant of over 52 crores, whether made directly or indirectly, there is no person responsible, with intimate knowledge either of the technique or otherwise of the Military Budget, who is a Member of this House and who can reply to our arguments. My Honourable friend, the Army Secretary, is a civilian. He does not pretend to know anything of the technical side of Army affairs and that is the compliment that this House is paid so far as the Army Budget is concerned. We are accused of making criticisms without knowing anything of the Army. This morning even that compliment was not paid us. My Honourable friend, the Leader of the Independent Party, spoke for 30 minutes subjecting the Army Budget to detailed criticism and my Honourable friend, Mr. Young, turned his back on the Assembly and on the speaker. Now, Sir, that is not a fair position. When other Members of the Treasury Benches were being subjected to criticism I noticed the Leader of the House coming in hurrying, I noticed that the Home Member came in hurrying to listen to what had to be said on the subject. Of course we do not expect official Members to be always glued to their seats, but they must at least have this courtesy shown to us, that when any criticism is offered regarding any of their Departments they should come here and listen to that criticism. The Army Budget is different from the civil Budget. The Army Budget is beyond the scope of the House. So whoever represents the Army Department is much superior to even an Executive Council Member of the Government or the Leader of the House. Sir, that is an indication of how the responsibility of this Government of India is shown to this Legislature and to the public; and I venture to record my emphatic protest against the grossly discourteous and unseemly manner in which those who are responsible for running the Army Department are treating this House. Sir, it is not my intention to lose my temper on this occasion; I very nearly was losing it, and if you only had called upon me to speak soon after my friend, Sir Abdur Rahim, had finished, I cannot say that I would not have used unparliamentary language. Sir, I hope that this way of treating the House will not be continued any longer. We are grossly dissatisfied with the fact that in the first place there is no responsible gentleman representing the Army who can speak with authority on Army matters in this House. There are reasons, I am told, historic reasons, why that is the case. I do not want to go into that; I do not want to examine the justification of those historic reasons. I do not even want to question whether those historic reasons are applicable today to this new Assembly. But, Sir, I must put my protest on record at the way in which this House is being treated, by no responsible person who can authoritatively speak on Army subjects being nominated to this House, and secondly, by even the irresponsible Army Secretary not doing us the courtesy of being present when prominent Leaders in the House discuss these questions. I must put my emphatic protest against this.

Sir, let me turn to the Finance Bill proper. My Honourable friend, the Finance Member, has had criticism from almost every side of the

[Diwan Bahadur A. Ramaswami Mudaliar.]

House. There was no Member who had a good word to say about the Finance Member's Budget save one. I congratulate the Honourable the Finance Member on the very able support that he has been able to get from the distinguished representative of the Bombay Northern Constituency. I congratulate him on the lucidity, clearness, forcibleness and elegance with which that support was extended to him through the speech of my Honourable friend. I congratulate him further on the many constructive suggestions that my Honourable friend has made to help the Finance Member out of the morass in which he finds himself. When the Honourable Member wants to meet the deficits in connection with his Budget, if he wants constructive suggestions from this side of the House as to how he should get this Taxation Bill through or if he wants alternative constructive suggestions as to how he can avoid the taxation proposals in balancing the Budget, there is my friend from Northern Bombay who comes forward and says, "Plump for the unitary government".

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Sir, I protest against this levity being exhibited in this House.

Mr. President: The Honourable Member does not seem to appreciate the element of humour in public debates. (Laughter.)

Diwan Bahadur A. Ramaswami Mudaliar: If my Honourable friend, the Finance Member, wants constructive suggestions, there is the most constructive suggestion that has so far been offered on the floor of this House by my Honourable friend to balance his Budget, plump in for the unitary system of government and do not go in for the federal system. Sir, I do not want to deal at greater length with the speech of the Honourable Member. He is perhaps new to democratic assemblies and Parliamentary ways, but I trust—I speak with great humility and with no sense of disrespect towards him—I trust that in course of time he will remember that it is a most dangerous pastime to indulge in casting reflections on colleagues of his in this House.

Sir, let me at once go to the Finance Bill itself. The last time I spoke I dealt with the Army Budget. Today I shall try to deal with the civil Budget which the Honourable the Finance Member has presented to us. My Honourable friend made out a strong case that there is no room for retrenchment whatsoever, that they had got to the rock bottom and that a retrenchment committee can only satisfy itself that everything had been done by the Government that could be and ought to have been done. "Our search for economy", says the Finance Member, "has been absolutely studious, and every phase of the civil Budget has been examined and there is no part of that Budget which can be subjected to further cuts of any kind". On the last occasion, my Honourable friend thought that I was not being fair in quoting extracts from the Public Accounts Committee's Report and, as he put it, I painted the picture black. I do not know how the picture will ultimately emerge after I have finished my speech today. But I shall not resort to the Public Accounts Committee's Report, but shall go through only two or three casual documents that have come into my hands, documents which I trust the Finance Member will not repudiate. I shall refer to the Gazette of India, the most authoritative publicity

document of the Government of India, during the last three weeks alone, because I do not want to rummage past files of that Gazette. I shall try to put before the House what sort of search for economy is being carried on by the Government of India and by my friend, the Finance Member.

Let me take you through the Gazette of India which has last come into our hands—dated the 14th March. It opens with a notification under the Home Department (Establishments) and it gives a set of rules promulgated by the Secretary of State for India in Council regarding the pay of officers of the Stores Department of State Railways. The point of this rule, so far as I have been able to make out is that this scale of pay is made applicable to the Burma Railway which has recently been taken over by the State. At a time when my Honourable friend wants to revise the rates of pay of future entrants, at a time when my Honourable friend is convinced, as we are on this side of the House, that whatever obligation there might have been with respect to Government servants who have already entered service and with whom we have made contractual relations, when my Honourable friend feels that with reference to further recruitment there ought to be a new policy, at that time the Gazette of India notification says that rates of pay which have been prescribed for other railways automatically apply to the servants of the Burma Railway also. Sir, I shall not labour that point further.

Let me go to a further note which is to be found in this notification. I admit that I am not thoroughly familiar with the Civil Service Rules, with the regulations and with the leave of absence rules and all the rest of that jargon that Government servants are so thoroughly familiar with whenever they want to get the maximum advantage of these rules. I admit at once that I have perused these rules and tried to reinforce myself by perusing these and other rules merely as a layman. Let me come to the next notification which runs as follows:

“The following scale of pay shall apply to the post of Superintendent, Printing and Stationery, North Western Railway with effect from the 31st May, 1924:

1st year—so much
2nd year—so much, etc.
plus so much overseas pay.”

If you compare it with the last rule which is to be found in the Civil Service Regulations, you will find that practically the same
3 P.M. scale of pay is fixed, but with effect from the 1st August, 1923. Now, at a time when prices are falling, at a time when the Finance Member is making his search for economy, a notification comes in giving retrospective effect to this scale of pay from May 1924. I do not think that any profound knowledge of financial securities is required to understand that if the officer from the first had a scale from the 1st August, 1923, and that is revised to give him retrospective effect from the 1st May, 1924, the result will be a little more money into his pocket and a little less money in the pocket of the Finance Member of the Government of India.

The Honourable Sir George Schuster (Finance Member): Could my Honourable friend tell me what he is referring to? I think he said it was some railway. Which railway?

Diwan Bahadur A. Ramaswami Mudaliar: I thought I read it; the North Western Railway.

The Honourable Sir George Schuster: I did not catch what my Honourable friend said.

Diwan Bahadur A. Ramaswami Mudaliar: If my Honourable friend will refer to the Civil Service Rules, he will find that the last notification said that this scale was to be given to the Superintendent with effect from the 1st August, 1928, whereas this notification says it will have effect from the 31st May, 1924. That is to say, while my friend is pursuing his economic methods, using his pruning knife, this notification comes forward and says that this particular person will have some larger pay than he was drawing during the last year at this time,—an illustration of the unexampled search for economy which the Government of India are pursuing.

Let me come to another illustration. I have tried to take it only from recent Gazettes of India and have not dived in to the past history for a very long period. At another page a notification is published, which says:

"In exercise of the power conferred by the Civil Service Rules the Governor General in Council is pleased to make the following amendment in the Fundamental Rules, namely:

In Rule 93 of the said Rules, the words 'on average pay' and the words 'during the first four months of his leave' shall be omitted."

It is very difficult to understand these notifications without a detailed reference to the old Fundamental Rules and to the changes subsequently made. Let me explain to the House quite briefly what this change means. According to the old rule, passed only in 1924, after the Lee Commission's Report, compensatory allowance is given to officers on leave, provided they are on leave on average pay and for the first four months of their leave. Now, this notification extends that privilege to all officers whether they are on leave on average pay or not and to the full period of their leave and not merely to the four months' period: an illustration again of the unexampled manner in which the search for economy is unremittingly pursued by the Government of India.

Let me take you to another notification in the Gazette of India of the 7th March—a notification of the Home Department: it says:

"In exercise of the powers conferred by sub-section (2) of section 96B of the Government of India Act, the Secretary of State with the concurrence of a majority of votes at a meeting of the Council of India, hereby makes the following amendment:

"In . . . section (b) after the entry relating to Bombay and before the entries relating to the Foreign and Political Department Secretariat of the Government of India, the following shall be inserted, namely:

Vice-Consul, Kashgar: 150—with effect from 8th November, 1930."

This is an additional allowance given to the Vice-Consul at a time again when my friend has admitted that prices have fallen down, when he is thinking of revising salaries of staff. At such a time my friend, the Vice-Consul of Kashgar, gets an additional sum of Rs. 150—another illustration again of the unexampled search for economy that the Finance Member is pursuing.

Let me take another notification in the same Gazette:

"The following pay shall attach to the post of Director of Inspection, Indian Stores Department:

Pay Rs. 2,250—100—2,750 per mensem

Overseas Pay £13-6-8 per mensem,

while held by Mr. D. Cardew."

I have no idea who Mr. Cardew is: for aught I know he is a very eminent officer thoroughly fit for the post; but I venture to protest against these additions being made

Mr. J. A. Shillidy: There was no addition made: he got merely the same pay as he was getting in the other post; he got his overseas pay as he got elsewhere under the Railway Department.

Diwan Bahadur A. Ramaswami Mudaliar: Then, why on earth did you transfer him from the Railway Department and give him higher pay in this Department?

Mr. J. A. Shillidy: Because we thought that he was the best man suited for that particular post.

Diwan Bahadur A. Ramaswami Mudaliar: Why did you transfer him from the Railway to this Department if you had to pay this additional sum for taking up this work? This post might have been held by a man on a lower salary; it was held by a man on a lower salary till Mr. Cardew came; and Mr. Cardew comes to this place and gets this additional salary, and the gentleman who has taken the place of Mr. Cardew will also get the old salary of Mr. Cardew. That is what I am protesting against.

Mr. J. A. Shillidy: I am not aware of that at all.

Mr. B. K. Shanmukham Chetty: Are you aware of the contrary?

Diwan Bahadur A. Ramaswami Mudaliar: My friend, the Deputy President, has taken the words out of my mouth: are you aware of the contrary? I have no doubt whatever that the effect of this notification is to increase the expenditure. Now, I should like to come to another notification. Take the previous Gazette of February 28th—the Bengal Pilot Service, Deputy Port Officer, Pilotage, Calcutta. Here I may say that I spent four hours in hunting up the details of this appointment, and I could not find any. Under what name it is given in this Budget, I am not aware. And I must pay a compliment to the Honourable the Finance Member or rather to his department for the exceedingly able manner in which they prepare the Budget. Sir, the veil in Egypt has been described, —I say with due chivalry,—the veil in Egypt has been described as something which more reveals than conceals. So far as the Finance Department is concerned, the Budget is something which more conceals than reveals the operations of the Departments of the Government of India. Wade through this book as much as you like, peruse it from cover to cover, howsoever much you like, and you will find yourself absolutely at sea, no matter how much experience you might have had in dealing with past Budgets of other provinces to find out exactly where the staff is shown, what are the salaries given to each of the staff and so on. The italics are sometimes below and sometimes above. What those italics are I do not know, but I take it that the italics shown against the staff refers to servants who are appointed by the Secretary of State and who draw non-voted salaries. Various allowances are given, and sometimes they are shown as voted and sometimes as non-voted. But, Sir, to come back to this illustration again, this officer appointed to the Bengal Pilot Service draws special pay and overseas pay—an illustration again of the unexampled search for economy which the Government of India is pursuing in these very critical days.

[Diwan Bahadur A. Ramaswami Mudaliar.]

Lastly, Sir, I should like to take this House through a very interesting notification published in the Gazette of India, dated the 14th of March. To appreciate that notification I would ask the House to bear with me while I read the whole of it:

"The following Resolution made by the Secretary of State for India in Council is published for general information :

'In exercise of the powers conferred by sub-section (5) of section 86 of the Government of India Act, the Secretary of State for India in Council with the concurrence of a majority of votes at a meeting of the Council of India held this 10th day of February, 1931, hereby makes the following amendment to the Leave of Absence (Allowances) Rules, dated October 15th, 1924, namely :

At the end of Rule 2 of the said Rules, the following shall be inserted with effect from the 3rd November, 1930, namely :

Provided that it shall be lawful for the Secretary of State in Council, for special reasons to be recorded, to increase the leave allowances prescribed for a Governor in the Schedule to such amount not exceeding Rs. 5,500 a month as appears to him just and equitable."

I might explain to the House that under the existing Leave of Absence (Allowance) Rules, before this notification was made, the leave allowance of a Governor was fixed at Rs. 4,000 a month. This provision for leave to Governors is a very recent innovation. We never heard of Governors and Viceroy leaving the shores of this country before their term of 5 years was over. During the last few years this innovation has been introduced permitting Governors and Viceroy to take four months' leave, and at that time Rs. 4,000 was considered ample for the Governors of major provinces while they were absent on leave in England. Now at a time when a great crisis is staring the Government of India and the Honourable the Finance Member in the face with reference to the finances of the country, when prices have fallen, when this unexampled search for economy is being made by my Honourable friend, the Finance Member, the great Moghul at Whitehall, as he has been termed,—and I do not cast any reflections on the Moghuls that ever sat at Delhi—the Great Moghul at Whitehall, surrounded by his harem of India Council Members sitting in solemn conclave, passes this Resolution giving an increase to Governors while on leave in England from Rs. 4,000 to Rs. 5,500. And, Sir, mark the words—"It shall be lawful for the Secretary of State for India in Council to increase the allowance from Rs. 4,000 to Rs. 5,500". That is to say, the Secretary of State and the India Council sit together and decide for themselves what shall be lawful for them to do,—not even a case of appealing from Phillip drunk to Phillip sober. (Laughter.) These are a few instances picked up at random from the last three issues of the Gazette to show how unremittingly in an unexampled manner the search for economy is being pursued by the Honourable the Finance Member and his colleagues who are associated with him on the Treasury Benches.

Sir, I should like to refer to one last notification for which, I believe, the Honourable the Finance Member is directly responsible. I understand that he is directly in charge of the Income-tax Department. I do not know if I am wrong. Now, Sir, in the issue of March 14th, a notification appears regarding this income-tax. This House has heard that the assets of the

Indo-European Telegraph Company have been sold, but to this day this House does not know what the details of that transaction are. Here I may venture to raise my protest against the Explanatory Memorandum of the Finance Secretary, which explains nothing. I am accustomed to read Explanatory Memoranda of Finance Secretaries in Provincial Governments. They are bulky volumes. They contain not merely statistics and figures, but they give a history of the operations of the Government in various Departments; they tell you the history of any particular Department, how it has grown, why a need has arisen for additional staff or for a reduction here or a retrenchment elsewhere. They take particular schemes of the Government and tell you how they are progressing and what the progress is likely to be in the coming year. Now, I ask you, Sir, as the custodian of our liberties in this House, to tell us whether after reading this Explanatory Memorandum, you are better off than before reading it. This Indo-European Telegraph Company's transactions are still a sealed book to Members of this House. We have heard nothing about the transactions of this company except a bare statement that it was a losing concern, and my Honourable friend has thought fit not to tell us or give a statement as to what it cost and how it was sold. We have not been told, for instance, what became of the staff of the Indo-European Telegraph Company. Was that staff maintained by the Government? Of course, it was. Has it been transferred over to the new company? We have no information. But this notification gives us some indication,—I may be very wrong, I know I am treading on very thin ice in these matters because of my want of knowledge, I may be very wrong,—but I gather from this notification that a part of the staff has been asked to go home and gratuities have been given to them, and my Honourable friend, the Finance Member, comes forward and says,—a very generous gentleman and kind-hearted to those people, as indeed he is to all people—the Finance Member comes forward and says this :

“In exercise of the powers conferred by section 60 of the Indian Income-tax Act, 1922 (XI of 1922), the Governor General in Council is pleased to direct that the following further amendment shall be made in the notification of the Government of India in the Finance Department No. . . . , etc.

‘13B. Gratuities granted to the staff of the Indo-European Telegraph Department in pursuance of the Resolution of the Secretary of State for India in Council dated the 24th June, 1930.’”

I should like here to explain to the House that under section 60 of the Indian Income-tax Act the Governor General in Council has power to exempt various classes of people from the payment of income-tax,—

“The Governor General in Council may by notification in the Gazette of India make an exemption, reduction in rate or other modification in respect of income-tax in favour of any class of income or in regard to the whole or any part of the income of any class of persons”,—

and my friend, the Honourable the Finance Member, quite properly thought that gratuities given to the staff ought to be exempt from income-tax. Where is that kind-heartedness when you come forward and double the income-tax so far as all the rest are concerned? The Honourable the Finance Member says that the civil servants cannot be asked to retrench their salary, but at the same time they should be asked to accept some share of the deficit. Therefore, it is a very just thing he has done in trying to raise the income-tax on the civil servants. But what about the

[Diwan Bahadur A. Ramaswami Mudaliar.]

gratuities to the extent of nearly five lakhs that are going to be paid to the staff of the Indo-European Telegraph Department for which you have gone out of your way by issuing a special notification just at the present time to exempt them from the operation of the Indian Income-tax Act altogether? On the other hand, if the Honourable the Finance Member had only examined the exemptions under the Indian Income-tax Act, section 60, he would have found the necessity of revising some of these notifications, and at this period of crisis, bringing into the operation of the Act some of the classes of persons who have so far been exempted from the Indian income-tax.

The Honourable Sir George Schuster: I do not want to interrupt the Honourable Member, but I think he will realise that it will be impossible for me to deal with all these points in detail in my reply. I do suggest that he is misleading the House on this particular issue. As I understand the position—I have not had time to verify the details—but as I understand the position, when the Indo-European Telegraph Department was sold, it was necessary to pay some sort of compensation to the employees who lost their employment, and if we were to pay compensation—on a fair basis—with one hand, and then take part of it away with the other hand in the form of income-tax, I think my Honourable friend will recognise that that would not have been a very reasonable transaction. If the payments had been made liable to income-tax, all that would have happened would have been that there would have had to be an increase in the amount of compensation. I take it that that is the position. I suggest to my Honourable friend that it is not fair to quote this as an instance of extravagance in Government administration. This was the winding up of an undertaking, the sale of which I am prepared to tell him—the credit is not mine, but it belongs to the Honourable Member in charge of Industries and Labour—was a most profitable transaction for the Government, because they realised a large sum in cash and got rid of a losing undertaking. (Cheers from the Treasury Benches.)

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I do not envy the Honourable the Finance Member the cheer that he has been able to get from the back benchers in the Treasury Bench. I honestly hope that they will cheer Honourable Members on the Treasury Bench more often than they have been doing in the past. I may say that we do not expect to hear the Honourable the Finance Member in reply in regard to many of the points that we have made with reference to the Government. It has been our lot to make these representations time after time, and it has been our expectation not to get replies from the Honourable Members of the Treasury Bench. With reference to this particular matter, the Honourable the Finance Member has suggested that it would be taking away with one hand what we give with the other. I do not know the details of these things, or the technicalities, but I take it that gratuities are generally based on a certain number of years of service and pay, and it is a well understood rule which applies to most Departments, where gratuities are paid. I therefore think that you have gone out of your way to exempt them and that there is no question of taking away with one hand what you have given with the other. While I am on this point, may I suggest to my Honourable friend that at least in issuing this notification his attention must have been drawn to section 60 of the Indian Income-tax Act? Did

he then notice the numerous exemptions that were granted under this Act, and when he has come forward with fresh proposals for additional income-tax to the extent of almost cent per cent, did it strike him that the list of these exemptions could to a certain extent be revised? My Honourable friend is bringing forward a Bill whereby incomes that are made in foreign countries ought to be taxed. Many of us are going to support him in that Bill. I know that the Honourable the Finance Member is very enthusiastic about it. Did he in this connection think whether it was proper at this time of the year, and at least for the next year, to withdraw the exemption, for instance, of salaries which vacation Judges of the High Court draw in England,—the extent to which they are exempted from payment of Indian income-tax? Did he consider that possibility? The vacation Judges of the High Court, who go to England during the vacation, get their salaries there and those salaries for that period are exempt from the Indian income-tax. I do not say that it makes a very great difference in these Rs. 17 crores of loss that we have to meet. Was it not possible that the Honourable the Finance Member might have suggested that at least for the next year that particular exemption might be withdrawn so that the Honourable Judges of the High Court may also pay along with others on the income which is now escaping taxation, the income that they draw during their vacation in England, and especially, as I have said, when he is thinking of charging with income-tax income which is made elsewhere than in this country?

Now, Sir, I do not think I need elaborate this point very much more. We are not satisfied that there is any genuine attempt whatsoever to pursue economy of any kind so far as the civil Budget is concerned. Not merely that, but we feel that in several directions there is a distinct tendency the other way. My Honourable friend spoke of allowances being reduced and took credit for the fact that there was a searching economy being made and also ruthless reduction. Will my Honourable friend say that during the last six months no additions have been made to the kind of allowances that officers draw? What is the good of asking us to accept all that is stated from the Treasury Bench as regards your trial for economy when we can, as a matter of fact, lay our hands here, there and elsewhere and point out that additional allowances which were not paid in the last year are going to be paid in the coming year? Is that the sort of economy that you want us to be satisfied with? Take, again, the way in which the voted and non-voted expenditure is being treated. My Honourable friend, Mr. B. Das, whom I miss here this afternoon. . . (Mr. B. Das: "I am here")—I am very thankful that Mr. Das is here to reinforce me with his personal presence and to encourage me to make these observations—my Honourable friend, Mr. Das, referred to the increase in the non-voted items of expenditure. How it is that this item of non-voted expenditure is continuously mounting up I cannot say. I am not able to derive much assistance from a perusal of the Budget. What is this increase in the non-voted item of expenditure due to? My Honourable friend at the close of his speech on the last occasion said that he must ask me to withdraw any aspersion that I had made that the dirty work was going to be left to the coming Government. I carefully perused that speech, and I find nowhere the suggestion, or anything even remotely resembling that suggestion, in that speech. But I want my Honourable friend carefully to follow me in this regard. What is the meaning, at this particular time when constitutional developments are in the air, of non-voted items of

[Diwan Bahadur A. Ramaswami Mudaliar.]

expenditure mounting up? What is the significance of non-voted items growing up when there is all this talk of contractual obligations being maintained and the Secretary of State's powers being preserved and of all those who were appointed by the Secretary of State being treated on a somewhat different basis from those who were recruited in this country by this Government? Let me take the first item, Customs. Last year the non-voted expenditure was Rs. 18,89,000. This year the non-voted figure has mounted up to Rs. 20,91,000, an increase of two lakhs. In the year 1925-26, after the Lee Commission's proposals, the Demand under Customs non-voted was Rs. 10 lakhs. The Demand today under Customs non-voted is double that figure, Rs. 20 lakhs. If you take the voted expenditure under Customs, the Demand was for Rs. 71 lakhs, and today, the Demand under Customs is Rs. 75 lakhs; that is to say, while the voted expenditure has mounted up by four lakhs, the non-voted expenditure has mounted up by double the amount. Customs has grown, staff has to be appointed, increased revenues are being got. I am not unmindful of the fact that a larger staff is required, and the Honourable Member will be entirely missing the point if he thinks that I do not realise that with the increased duties and the large amount of establishment necessitated thereby, there ought to be an increase in expenditure. But my point is this. While you are talking of Indianisation, while you are suggesting that the whole of this should come under the control of this House, you have made it effectively unapproachable so far as this House is concerned, by largely transferring the pays or salaries or whatever else that may be, to the non-voted portion of the Budget. And so, the tale is repeated in every other Department. My Honourable Leader, Sir Abdur Rahim, referred to the very small item which the Army Department presented to this House, a magnificently large sum of Rs. 5 lakhs out of a Demand of Rs. 52 or 54 crores. My Honourable friend, Mr. Mackworth Young, does not give us the consolation of even voting that sum. Whereas last year the non-voted item in the Army expenditure was Rs. 1,02,000, this year it has increased to Rs. 1,22,000. I know that even non-voted expenditure must grow up owing to the time scale of salaries and owing to the increments which are obviously necessitated by the time scale of salaries, but making all the allowance that I can for the growth, the normal growth, due to the time scale of salaries, I still venture to think that, because of various manipulations between the voted and non-voted items and because of various orders that were passed by the Secretary of State or the Government of India, items which were once voted and under the control of this House are being removed steadily and progressively from the control of this House. The point of it will be obvious when I say that the whole question of non-voted expenditure will be gone into in the very near future in connection with constitutional reforms and it seems to me—and this is the inference that I ask my non-official brethren to draw—that there is a persistent and steady effort being made to whittle down the scope of any adjustment that may be made in the future constitutional deliberations. I was talking of additional allowances and overseas pay being added even in this year. I find for instance that in the Central Board of Revenue, the Secretary is going to be given an overseas pay of Rs. 800 which he was not drawing in the current year, that is to say, my Honourable friend the Finance Member is so persistently pursuing his search for economy in the coming year that the Secretary of the Central Board of Revenue is going to be given a special pay of Rs. 800 which he was not getting in the last year. Now,

Sir, it might be suggested that these are all trivial sums and that I have been wasting the time of the House by referring to these trivial sums. I do not want to indulge in platitudes about taking care of the pence and the pounds taking care of themselves. I do not want even to refer to Gladstonian ideas of finance and the meticulous care with which details of finance were being taken care of by that great Chancellor of the Exchequer of England. I shall quote the authority of one—whose authority will not be questioned by this House at all. He said :

“We feel that at this juncture our primary duty is to stop up the hundreds of loopholes through which money is apt to leak when we are in times of prosperity. We hope that the reduction in expenditure will come not from half a dozen large items but from an immense accumulation of small items, the aggregate of which may be very substantial. This is an aspect of the case to which I specially desire to invite the attention of the House.”

Sir, I like the ring of sincerity of those sentences. My Honourable friends ask from whom it comes. It comes from an authority whom nobody can question in this House—the very Leader of the House, my Honourable friend, Sir George Rainy. It is from that point of view, and in pursuance of that very sound advice, that the Leader of the House gave us, that I have been following the small items through the ramifications and the labyrinths of the budget that the Honourable the Finance Member has presented to us. Sir, what happens if we do carry out retrenchment. The other day my Honourable friends carried out a cut of a lakh of rupees in the Railway Budget. Will my friend, the Railway Member, explain to us how this cut is being given effect to? I see everywhere moanings and wailings of the *chaprasis* and clerks disbanded. The axe is falling on the small man. Notices have been served on small clerks to go home and the sedulous propaganda is being carried on that this inhuman House, this Legislative Assembly, is making it impossible for the Government to entertain all these petty clerks whom they were entertaining before. That is not the economy which this House wants. We want root and branch economy. We want you to go much deeper. We do not want you merely to cut off a few *chaprasis* and a few clerks. We have protested in the past, and we protest today and we say that if this is the sort of economy that you are carrying out, you are absolutely misinterpreting deliberately the intention of this House.

Sir, there is one part of the Budget which is very rarely discussed by Honourable Members in this House. So far as the voting on Demands is concerned, we never reach that portion of the Budget at all, and so far as the references to it are concerned, very few Honourable Members are in a position to refer to it. I refer to capital expenditure. My Honourable friend, the Finance Member, has had very little opportunity of answering any criticism with reference to capital expenditure, and after all it is with reference to capital expenditure that I say that not merely are there small loopholes but very big loopholes indeed, that there is an extravagance which will surprise any government and which will surprise the Finance Member if he cares to go into this question. Let me take one example—the Vizagapatam Harbour. I come from the province of Madras. I am very happy that that harbour is being constructed, and I hope that it will communicate with Central India and open out traffic that will make commerce and industry flourish in the remote central parts of India. Now, I ask my friend a very simple question. Does he think that the Vizagapatam Harbour expenditure is a productive concern? Does he hope that the

[Diwan Bahadur A. Ramaswami Mudaliar.]

interest that he is paying to the London market for borrowing his loan will be realised from the Vizagapatam Harbour construction? Who estimated for the harbour? What means have the Government of India to check these estimates. We know the public works estimates in the Local Governments. We know that one of the commonest things in the Public Works Department is estimates, revised estimates, further revised estimates and final estimates, revised final estimates and supplementary estimates. It has been the case with reference to Delhi itself. My Honourable friend the other day was telling us that it was estimated that it would cost only 5 or 6 crores and we know that it has gone up to 15 crores and still the expenditure is growing. It has been equally so with reference to the Vizagapatam Harbour. Now, let me assure my Honourable friend, the Finance Member, that if he cares to go into this question to find out how the money has been expended, he will find such a lot of information that he will certainly come to the conclusion that all is not well with reference to that harbour. He will find that three years ago lands were bought by the Government at about 10 times or 6 times the price that the Government gave for lands adjacent to it just a year or a year and a half back. He will find that one set of land acquisition officers gave this land at a certain value and another set acquired it for one-sixth or one-seventh of that value. And is my Honourable friend satisfied that the necessary and only the necessary land has been acquired for the harbour? I hear statements that land out of all proportion to requirements has been acquired. The Members of the House have not got the time to go into it. The details of the estimates are not placed before us. Crores of rupees are found only in one printed page of the Budget estimates and there is no attempt made whatsoever to see that these estimates are accurate or that these estimates are not extravagant and so with reference to many other capital works. Sir, I do not want to prolong this debate.

Sir Hugh Cocke (Bombay: European): Hear, hear.

Diwan Bahadur A. Ramaswami Mudaliar: I shall come immediately to the Finance Bill. Now, Sir, the Honourable the Finance Member has asked us to vote 15 crores of additional taxation. My Honourable friends, the European Members, seem to be rather impatient to go home.

Sir Hugh Cocke: We want to speak.

Diwan Bahadur A. Ramaswami Mudaliar: I am very thankful to my Honourable friend. I am sure that the House will sit till 7 or 8 o'clock to hear my Honourable friend, Sir Hugh Cocke. I can assure him that so far as the non-official benches are concerned, we will preserve the quorum and even if the Treasury Benches go away, my Honourable friend, Sir Hugh Cocke, can speak, because the effect will be just the same whether they are here or not.

Now, Sir, what is it that the Finance Member is asking us to do? He asks us to vote for this additional tax. I say that this is a phenomenal amount of taxation, that no Legislative Assembly during the last 11 years has been asked to vote for such a heavy amount of direct taxation. I have got the figures for the last 10 years, and I say it is an unprecedented amount of taxation that the Honourable the Finance Member is asking us to vote, and is it justified? I ask my friend to realise that, though he

has heard very little criticism about Customs, it is not because many of us do not realize the extreme gravity to the consumer of the heavy Customs duties which he has sought to impose. I do not want him to think—and I speak personally for myself and I know I am also speaking for some other Members at least in this House—I do not want the Finance Member to believe that the whole of India is a protectionist country, and that every addition that he makes to the Customs duties is a welcome addition from our point of view. I know the Customs duties have played a large part, I know that the protective duties have played a large part in this country, mainly due as much to political as to economic conditions; and when the Government changes, and when others are sitting on the Treasury Benches, I venture to express the opinion that there will be very much more realistic fights between the free traders and the protectionists in this country than there have been in the past. (Hear, hear.) Therefore, when we are accepting the Schedule of the Customs duties—and I take it we generally accept it because no Member has ventured to criticize that—it is not because we are all protectionists, but because from a sense of responsibility we believe that the Government should be found adequate revenues to meet their heavy duties. (Hear, hear.) It is that sense of responsibility, and not a desire to turn the country into an extremely protectionist country, not a desire to pander to a few millionaires of Bombay and Ahmedabad, who know how to trim their sails to the prevailing winds (Hear, hear), it is not from that desire at all that we are accepting the Customs proposals. But when I come to the income-tax proposals on the other hand, they are so grave, so unprecedented that no responsible Member of the House can venture to accept them either in their entirety or without very substantial modifications.

Mr. N. M. Joshi (Nominated Non-Official): If you accept the proposals for Customs, why do you not accept the proposals for income-tax?

Diwan Bahadur A. Ramaswami Mudallar: Sir, I do not want to be drawn into a discussion with my friend, the Labour representative, as several of my Honourable friends are anxious to speak and it will take a very great time indeed to meet his point. (*An Honourable Member:* "Go on.") Now, I should like to make one appeal to my Honourable friend, the Finance Member. We have placed all our cards on the table. We have opened out our hearts to him. We have told him exactly our difficulties. We have told him that the country is not satisfied that retrenchment has actually been carried out. We have told him that the expenditure on the civil side is so great that every non-official feels that no serious attempt has been made to curtail it and thus to satisfy our legitimate demand. We have told him that the expenditure on the Army side is so extravagant that no Government which has any feeling of responsibility can have ever tolerated it. Now I want the Honourable the Finance Member and generally the Members on the Treasury Benches to realize our position. Sir, if I might say so, without offence to any quarter, we are peculiarly constituted on this side of the House today. We are supposed to be the more moderate and the more responsible element. We are supposed to be people who try to weigh the pros and cons of a thing and who try to meet Government as fairly as possible with reference to their very onerous task.

Musalvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Self-praise is no recommendation.

Diwan Bahadur A. Ramaswami Mudaliar: If my Honourable friend will follow me, he will find that it is just the reverse that I am indulging in. Sir, are you doing justice to us? Are you doing justice to the forces which want moderation to prevail in this country when you come forward with proposals like this and ask us to accept them *in toto*? We have had no reply at all, Sir, to the various questions that have been put by us to the Treasury Benches. Sir, "we ask and ask, but thou smilest and art still". The Treasury Benches give us no indication of how their minds are working. For three days Member after Member has got up and spoken, and none either on the Front Benches or behind care to intervene in the debate at all or care to express any opinion on the various arguments that have been raised, and at the end of it all, the Finance Member will get up and say that he has tried his best to make the House realize the gravity of the situation and it is for them to do what they as responsible men should to do. Sir, that is not a fair position, I submit. With every sense of responsibility, and with every desire to see that we also do our share in the constructive work of the Government, we find that there is no response whatsoever from the other side. The tables have to be reversed. We take you into our confidence, but you do not take us into your confidence. We try to be responsible, but you are as irresponsible as ever, and my Honourable friends have this feeling that somewhere or other they have got reserve powers up their sleeves which they can use if occasion requires, and it is that which gives them that feeling of confidence with which all our criticisms are met or are ignored. Sir, that is not a fair way of dealing with us, and that will not be helpful to them either for a very much longer period. I may here remark that occasionally when my Honourable friend, the Finance Member, who has been sitting through all these debates for these three days, feels that this criticism is getting beyond what he is prepared to accept, my Honourable friend just walks across the courtyard there, goes to another place and relieves his feelings. (Laughter.) Sir, I have read the Honourable Member's speech in the Council of State, and the compliment that he has showered on elderly statesman. (Hear, hear.) Sir, I was an elderly statesman only the other day; I was also a Member of the Council of State.

An Honourable Member: What a degradation!

Diwan Bahadur A. Ramaswami Mudaliar: Sir, if the alternative were placed before me of being His Majesty's guest or of being in the other place as at present constituted, I would rather be His Majesty's guest. (Laughter.) Sir, I suggest that it is not helpful to us at all if this kind of attitude is pursued.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): I should like to know, Sir, if Diwan Bahadur A. Ramaswami Mudaliar was His Majesty's in St. James's Palace?

Diwan Bahadur A. Ramaswami Mudaliar: No, Sir, I was a guest of His Majesty's Government. Now, Sir, I would like to take up the receipt side of the Finance Member's Budget. That has not got the consideration that it deserved in this House, and I venture to suggest to the Finance Member that the time has come when he should revise his receipt side of the Budget. I know that he prepared it in times of gloom

and on very black days, when he was feeling that trade could not possibly revive, when there was a feeling that the future was dark. I am sure, however, he will agree with me that at this time of the day there is every reason why he should revise the receipt side of his Budget. As it is, Sir,—and I have not got the assistance that my friend, the Finance Member, has got—as it is, I venture to state that the revenue is underestimated; and if you take into account the prospects of growing trade, the prospects of larger imports and exports, I venture to suggest to him that he will have to revise his budget to the tune of at least 2 crores more on the revenue side if he is to be fairly accurate in his figures. I can only make this statement, and my Honourable friend, the Finance Member, with all his authority, I am sure, will say that his revenue is underestimated. There will be nothing before March next, however, which can show whether I am right or my Honourable friend. But I want him to consider very seriously whether he would not be justified in budgeting for larger receipts, especially under Customs, than he has done. Now, Sir, I do not want to take up the time of the House. I would only suggest that our attitude with reference to the Finance Bill is a responsible attitude, and that merely characterising our attitude as irresponsible would not save the situation, and that with a full sense of responsibility, with every desire to help the Government, and in consideration of the difficulties in which the Government are placed today, we are going to adopt our course with reference to that Bill. (Loud Applause.)

Sir Hugh Cocks: Sir, the other day we had a very interesting, a very able and straightforward speech from the Honourable Member who spoke last, on the subject of the Round Table Conference—a subject which was peculiarly his own—but it did strike me today, Sir, that in the realm of finance, he was somewhat out of his depth, and that it would have been possible for him to put forward the points he did in a very much smaller compass. He made criticisms early in his speech on two points in connection with the Army Secretary and he incidentally said that had he been unfortunate enough, Sir, to catch you eye earlier, his language would have been so much the stronger for, he said, the Army Secretary had been absent during a speech criticising the Army. He also said that it was not to be expected that every Member of the Government should remain in their seats the whole time. That, of course, is obvious, but I do think that if Honourable Members on the Front Opposition Bench are going to make speeches in a long rambling discussion of this sort upon particular subjects, such as the Army, the Post Office and so on, it is only common courtesy that they should inform the Members of the Government of such an intention. On the other point, in another breath, he said, it was no good having the Army Secretary here, because he could not answer technical questions on military policy and so on. That, of course, is perfectly true, but it is also true practically of every legislature in the world and therefore, I do not think that that criticism was altogether apt. It is obvious that a civilian has got to defend the Army and the expenditure on the Army whenever these questions come before legislatures. When you are discussing the Audit Department, you do not expect to have the Auditor General to reply to your criticisms, or when you are discussing the Public Works Department, you do not expect the Chief Engineer

Maulvi Muhammad Yakub: Why not?

Sir Hugh Cocks: Because, it is not in accordance with custom.

Maulvi Muhammad Yakub: Here we had Mr. Hayman, for eight days, when the Railway Budget was under discussion. In the same way why not other heads of Departments?

Mr. B. Das: Mr. Hayman came here and not Mr. Russell.

Sir Hugh Cocks: I shall continue after Honourable Members have finished their speeches. Well, Sir, there was a reference this morning to retrenchment. I do not want to add to the remarks that have been made under that head beyond saying that the small committees which we have been promised on the various Departments are the only effective committees likely to be of use to the House, and, at any rate, although some Honourable Members may be distinctly doubtful whether very much is going to result therefrom, whether there will be a large saving of rupees now or success achieved in effecting future retrenchment from those committees, at any rate, it is another step towards the Honourable Members of this House getting in closer touch with Government Departments.

This morning, Mr. Chetty, referred to the Reserve Bank. In fact that was one of two suggestions made today which attracted my notice; the one suggestion was about the Reserve Bank, that early legislation should be introduced and if possible the Reserve Bank should be created this year. The other important suggestion came from the Leader of the Opposition, and was to the effect that the Honourable the Finance Member's contract should be extended by ten or fifteen years and that he should be placed at the disposal of the country for a much longer period. Both these suggestions, I welcome. As regards the Reserve Bank Bill, I was surprised to hear the suggestion made that that Bill should be resuscitated and introduced again at an early date. But, if it is practical politics, I for my part, should be very glad to see it re-introduced and discussed. The whole question is whether it is practical politics today to establish a Reserve Bank. But it was very satisfactory to note that Mr. Chetty was willing to give up that indirect control by the Legislature which caused the old Bill to fall. I think Pandit Madan Mohan Malaviva, if I may say so in his absence, was one of the principal exponents of the right of the Legislature to be represented on the Board of that Bank. I remember in Simla presiding over an *ad hoc* committee for the whole of a Saturday to try to find a way out of the difficulties in connection with the Directorate of the Reserve Bank and in the end, as everybody knows, nothing was effected and the Bill fell on that rock.

On the subject of kerosene, to the suggestion made by Mr. Chetty. I would only like to say this, that departing from the old policy of the difference between the excise and the import duty is rather a serious matter for the indigenous companies, and assuming that the price remained the same, it would, of course, affect the return which the country would get from income-tax and super-tax. That, possibly, is a subsidiary point. But, anyhow, it is reversing a policy which has extended, as was pointed out, over a very long time.

Mr. Mudaliar, when he was half way through his speech, said that he would now turn to the Finance Bill, but instead of that he caught sight of the Government Gazette and proceeded to read announcements from that for some little time including rules about promotion, allowances, etc. He said that he had no knowledge at all of notifications, as regards allowances, promotions, etc. Therefore, I think he was particularly brave to embark upon the field he did, and, so far as I am concerned, he failed to convince me that any of those notifications was necessarily an extravagance or even an increase in expenditure. If I tell him that I increase my employee from Rs. 50 to Rs. 100 a month, he would proceed to lecture me at great length at the rash extravagance on my part, at this particular time, but if, when he finished his lecture, I pointed out to him that one of my employees earning Rs. 300 a month had just died, it would rather take away the gist of his argument. Therefore, to pick out statements like that out of the Gazette seemed to me peculiarly unconvincing and I have no doubt they can all be explained.

I regret very much that the custom still prevails,—I suppose it is unavoidable—that this long and rambling discussion should take place on the second reading of this Bill, in view of the fact that many of us already have had an opportunity of discussing the financial situation generally in the Budget discussion. I came down to the House today prepared to move the closure, but I found the big guns were going to get started and that it would be quite impossible. It seems to me that in these debates, people on the back benches should as far as possible give points to their leaders and one or two, or at the most three speeches from the larger groups, and perhaps one each from the smaller groups, would be a very much more effective and business-like arrangement than that which already exists. I know the difficulties in India cannot be compared, for instance, with England. Here you have Members from different Provinces, who all want to have their say, and you have different communities. At the same time, I do regret that these debates should go on for so many days . . .

Mr. C. S. Ranga Iyer: Is the Honourable Member aware that in England the House of Commons sits for more than nine months in the year, whereas this Legislative Assembly, taking both the Simla and the Delhi Sessions into consideration, does not sit for more than 3½ months or four months and also that private Members of the House of Commons as well as Party Members have greater opportunities of expressing their opinion than Party Members and private Members in this House.

Sir Hugh Cocks: The interjection of the Honourable Member is very interesting and to a very large extent true. But, it does not get away from what I was saying that I think there should be more cohesion in parties, more arrangements under which Leaders ventilate the views of the general body.

Mr. C. S. Ranga Iyer: Back benchers have as great a chance in the House of Commons as other Members, and perhaps much greater chance there than here.

Sir Hugh Cocks: That brings me to another point which I would just like to touch upon, and that was the point raised by the Leader of the Opposition, that the House was not summoned earlier.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural):
It is for the President to decide.

Sir Hugh Cocks: The Leader of the Opposition made a remark in the Assembly this morning that the Assembly was not summoned earlier, after the election, and Sir Lancelot Graham pointed out that that was a matter for the Governor General and not for the President.

I merely want to say this, that no legislature can carry on the executive; no doubt the Government would have called together the Assembly earlier if they had considered it necessary but I think that in all the circumstances of the case it would not have been very helpful either to this House, and certainly not helpful to Government had that been done. Sir, I have no wish to take up the length of time which certain other Members have indulged in, and I beg to say that, subject to certain modifications in the Income-tax which we wish to effect with the help of the Benches opposite, we are in favour of this Bill now being taken into consideration.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban):
Mr. President, I will first apologise to you and to this Honourable House and ask you to forgive me if I do not traverse the whole field of the administration of the Government of India. I propose on this occasion to confine my attention to the Finance Bill. I think my Honourable friend, Sir Hugh Cocks, showed—may I say—unnecessary irritation at the very long speech and amusing speech, he will admit, of my Honourable friend, Diwan Bahadur Mudaliar. Now, I happen to be in a position not only to be able to sympathise with my Honourable friend, the Diwan Bahadur, but to a certain extent, to be able to sympathise also with the Government Benches. Sir, I would appeal to him and to all Honourable Members opposite to realise the difficulties of the non-official Members. I have suffered under these difficulties very often indeed, and when I had the privilege of sitting on the official Benches in my own province I was able to sympathise with the Opposition Benches. And, Sir, I found that it not only paid Government but it cut short the discussion considerably if Honourable Members of Government—not always the Finance Member—got up after a speech like that one just delivered by my Honourable friend and pointed out shortly where the speaker had gone wrong. Now, Sir, I do desire to point out to this Honourable House one great difference that I have noticed between my Honourable friends opposite and my Honourable friends who occupy the Treasury Benches in the provinces. There they make it a point to get up and speak—one Honourable Member from the Government Benches,—after one or two Honourable Members from the Opposition Benches have spoken, and put matters right. But here day after day speeches go on being made by my Honourable friends and not a word from Government. There is not a word to say that the Honourable Members here have made a mistake. They go on labouring under that mistake; and what is more, other Members who again rise continue with those mistakes, if mistakes they are. Why not then remedy the position by asking an official Member, not always the Finance Member—there are plenty of Honourable Members behind him—to get up and speak now and then, and I am sure the House will not grudge the time. Sir, the keen eye of my Honourable friend here, the Diwan Bahadur, who searched through Gazettes for examples of, I will not say extravagance, but of want of foresight towards economy, has not caught what I consider the extravagance on the

part of Government exhibited in this very House. My Honourable friend, the Finance Member, has got behind him official Members specially sitting on the back Benches, coming from the provinces, holding very responsible posts in those provinces, and deservedly drawing very high salaries. What use do Government make of these Honourable Members? Are they here as logs of wood to put up their hands and vote? What are they doing here in Delhi for two or three solid months drawing 2,500 or 3,000 rupees a month? Are they merely here to vote?

The Honourable Sir George Rainy (Leader of the House): Sir, is the Honourable Member in order in casting aspersions upon his fellow-Members in this House?

Sir Cowasji Jehangir: I am casting no aspersions at all.

Mr. President: Honourable Members are aware that no one can cast aspersions on his colleagues, but I am not satisfied that so far 4 P.M. any aspersions have been cast.

Sir Cowasji Jehangir: I find no fault with the Honourable Member. I find fault with the Treasury Bench for not making use of those Honourable Members. What I have been complaining of is that Members of Government do not get up and explain things. We cannot expect the Finance Member constantly to get up and explain them. After all he is human. It is bad enough to have to sit down for three long days in one's seat, sometimes alone on the Treasury Bench (Laughter) without having to jump up and give explanations on everything. But you find capable first-class Civilians sitting down in a row behind, not saying a word throughout the Sessions. Why bring them here, may I ask? Have some *pattawallas* to vote with you and let these Honourable Members go back to their provinces and work. I daresay they may have supplied the Finance Member with valuable statistics; they may have supplied him with valuable information, but we are not aware of that. All we see is these Honourable Members sitting here, drawing very high salaries and doing nothing. Not that they come here because they like to come here; not that they come here—I am certain—because they want to come here and do nothing. It is the system of Government which is extravagant. It is only an instance, and I emphasise it because I have noticed a great difference between the part played by such Honourable Members in my own local Legislative Council and the part played here. There they are of the greatest assistance to Government Benches.

Well, Sir, now let me just come to the Finance Bill. I beg to be excused for having drawn attention to what I really consider to be a little extravagance. Sir, it has been very often said that the ordinary man in the street tests the question of economy by the total amount he is called upon to pay and the total amount of the expenditure. It has been pointed out that, notwithstanding all the efforts made by my Honourable friend, the Finance Member, his expenditure is nearly the same for the coming year as in the present year; and what is more, that during this current year, from the beginning of which it was realised by every one of us and I am certain by every Member of Government, that this year there was going to be a deficit Budget and we were passing through a crisis, we find that the expenditure has gone up by nearly a crore and a half as shown by the Budget estimates and the revised estimates. Now, Sir, we who are

[Sir Cowasji Jahangir.]

called upon to pay surely are only human like my Honourable friends opposite, and if we do express our resentment, surely we have some justification. In the current year, a year in which I repeat everybody was aware of the fact that we must have a deficit, the expenditure goes up between the original estimates and the revised estimates by a crore and a half. Between the revised estimates and the estimates for the coming year there is retrenchment of 55 lakhs. That is the sum total of retrenchment on paper. I have no doubt that my Honourable friend, the Finance Member, made Herculean efforts even to produce this difference of 55 lakhs, and that if he had not done so, the expenditure would have leapt up by leaps and bounds and there would have been a much greater deficit. But we are not satisfied: it has been so often repeated that I am certain my friend is sick of hearing it—we are not satisfied that sufficient efforts have been made. His retrenchment of 170 lakhs, in the Army Budget, with due respect to him, has been more or less exploded. It is certainly less by 170 lakhs so far as this one year is concerned; but it is not retrenchment; it is deferred payment to a great extent. Then he takes advantage, and rightly too, of lowered prices in certain cases, but he warns us that the figures may go up again. It is difficult, therefore, for us to accept readily all the drastic proposals that he has suggested.

I am not going to weary the House for more than three or four minutes, as I am certain there are more Honourable Members wishing to speak. I will come straight to the point. Your revenue is derived under two main heads: tax heads revenue and non-tax heads revenue. Tax heads revenue for 1981-82 is Rs. 86 crores 38 lakhs. They include customs, income-tax, salt and opium. It is on these heads that all the burden is to be placed. It comes to either 17 per cent. or 20 per cent. of increased taxation. No other head is touched. Under income-tax you have lumped it on with a heavy hand and certain of the highest incomes will have to pay 85 per cent. of their income in income-tax alone. Add to this provincial taxation, local taxation: how are you different from any country in Europe? And if you are no different from any other country in Europe, will the Treasury Benches tell us whether they are offering the people of this country the same amenities of life that European countries are offering? (Opposition Cheers.) Have we got the same hospital accommodation? Have we got the same sanitation? Have we got the same roads? Have we got above all the same educational facilities that are given by Government to the public in European countries? And you desire this year to raise our taxation to European standards. Have we not a right to ask that, if we are to pay, let us at least believe that we are getting our money's worth? When Honourable Members in the old days complained that life in this country was different to life in Europe, that Government did much more for their people in Europe than they did in India, the answer naturally was "Compare your taxation: you are paying much less". Now, when you call upon us to pay taxation on the same scale as European countries, are you offering today any further amenities to what you offered last year? No. And if a big hole is to be made in our pockets and we are asked to retrench—the clerk on Rs. 200 or 800 a month up to the richest man in his daily ordinary life,—may I ask Honourable Members opposite whether we have not got the right to claim that you set the example first and then ask us to follow? (Opposition Cheers.) You ask us to set the example and retrench in our own homes, and you

say you will follow the example later. You are reversing the order, and the Honourable Members on these Benches are not going to stand it, that is all. Set an example. Retrench and then call upon us to make good the deficit. (Cheers.) We are prepared to do so. But to put on taxation, lump it up, and ask every one of us here to retrench in their ordinary expenditure and make no effort yourself is not a fair proposition to place before any Honourable House. I quite sympathise with the Honourable Member when he suggests a committee as the best thing he can do. All I can say is that now that he has included the Army in the investigation, there seems to be some prospect of success; but it is very much like trying to find out a new source of water supply when your house is on fire. It may take two or three years before you find it. By that time the house is sure to be burnt down.

I wish to say this, Sir. There is no sense of want of responsibility on this side of the House. If there is any, it is infectious, it comes from the other side. (Laughter.) There is a want of responsibility on the other side. How can you then complain in these times if we say, we can do no better. From what little I know of my Honourable friends here, I believe them really to be very reasonable. They are prepared to meet the Government if the Government is prepared to meet them. Will Government show that they are bent on retrenchment? And in anticipation of that retrenchment are they prepared to make a substantial cut in their Budget? If not, you must not blame this side of the House with want of responsibility. We shall walk into the lobby and make a substantial cut; the onerous duty of having to certify will be on the shoulders of others who are not responsible. I do not wish to place anybody in that onerous position; but at the same time I must see that justice is done to the people whom I have the honour to represent in this House. I am not going to allow them to be taxed out of existence in these difficult and trying times in the history of their lives. I am not going to allow my people to be taxed in a way that will prevent them from recovering and be told that I am showing a sense of responsibility. I would rather be irresponsible, absolutely and completely irresponsible, but do my duty as a representative of the city which has sent me here. Under those circumstances I cannot possibly vote for the taxation that has been proposed. But I personally—and I am sure many of my Honourable friends here—are prepared to meet the extraordinary situation that has arisen. We ask for the co-operation of the Benches opposite. My friend Diwan Bahadur Ramaswami Mudaliar, was right when he said that we have seen no sign of that co-operation up to now. Let us hope that we shall see it a little later on. If we do, you may be assured that Honourable Members here will be only too glad to welcome such co-operation. If it is not forthcoming, all I can say is: do not charge us with irresponsibility; realise that the irresponsibility is infectious: it has come from across the floor of the House.

Mr. S. O. Shahani (Sind Non-Muhammadan Rural): Sir, I must thank you for giving me an opportunity

Mr. President: Before we proceed I should like to say one word. This is the third day that this debate has been going on. As many Honourable Members still wish to address the House, I hope that those Honourable Members who may catch the eye of the Chair will be very brief.

Mr. S. O. Shahani: I am much obliged to you for giving me an opportunity to take part in this general debate on the Finance Bill. I would not begin without congratulating most heartily my friend, Mr. Chetty, on his delivering a true budgetary speech. I would proceed now without any further comment to make my contribution to the general discussion.

Sir, a lot has been said with regard to the estimated heavy expenditure, but very little has been said about the inadequacy of the amount that will be devoted to the nation-building departments, particularly, Education. I have been engaged in the work of education all my life. I would like to make a special point of referring to what has so far been done in the Department of Education. But before I do so, I would like very much to point to some of the defects in the procedure adopted in the Assembly on account of which the necessary budgetary criticism has not been evoked in the case of the Finance Bill. I have seen that in America a very good procedure is being followed. Their year begins in July, and they start the consideration of the Budget in December, that is to say, about six months before their year ends. Now what do we do here? About 84 Demands were disposed of in four days. I think on an average if 12 speakers take part on each Demand, and if 10 minutes are devoted to each speaker, it should take about 21 days to dispose of the Demands. I see that the Governor General has the power to devote 15 days to the consideration of Demands (Rule 46), and yet only 4 days were fixed for the consideration of these Demands. The whole of the Budget, both on the side of Receipts or on the side of Expenditure, is being dealt with in a somewhat lightsome spirit. I should not hesitate to give expression to all my views in regard to the Budget. *[]

I will read a passage from the American Year Book which shows how the Americans regulate their estimation of receipts and expenditure.

"President Coolidge was much concerned about the fiscal condition of the Government at the beginning of the period covered by the 1929 budget which estimated receipts of \$3,707,000,000 and estimated expenditures \$3,801,000,000. About two months after the opening of the 1929 budget period, General Lord, the Budget Director, estimated that the period would end with a deficit of over \$94,000,000. This was bad news in view of the national campaign which was then starting. But General Lord was frank about it. Two days later President Coolidge told the newspaper reporters that he was disturbed by the looming deficit and that he would cope with it by cutting down the expenses of the Government. He announced that he would summon the department and bureau heads and demand that they reduce expenditures, but the situation began to look brighter, so things were allowed to run along about 'as before',—

and no necessity arose for it. The Americans insist on adopting in regard to expenditure a policy of "Pay as we go". This is their phrase which we all might very well bear in mind. It is further stated in the Year Book that,—

"The preceding year's surplus was estimated at slightly under \$37,000,000. But according to custom it was not included as a means of financing the budget of the succeeding year. While the 1930 budget was approximately within the total expenditure limit fixed by President Coolidge, it did not take into account the additional and deficiency appropriations of 1929 and prior years which Congress was called upon to make. One may wonder how these increased expenditure requirements are to be met, assuming that the revenue estimates contained in the President's Budget represents fairly accurately the future income of the Government. As a matter of fact,

*[] This portion of the speech was expunged by the subsequent direction of the House (vide p. 2534 of these Debates).

the actual receipts have been underestimated every year since the budget system was inaugurated. Usually the receipts have been 7 or 8 per cent. above the estimates; in the 1924 budget they were as high as 16 per cent. above the estimates and in the 1925 budget they were as low as 2 per cent. above the estimates. . . . This continuous underestimating has been the subject of some criticism. There are evidences that Congress has lately come to regard the revenue estimates in the budget as being so conservative that it may exceed them with impunity in making appropriations. This may lead to a serious state of affairs in the finances of the Government. Recent changes in the tax laws add to the difficulties of accurate estimating, but it would seem possible to prepare revenue estimates which would approach the actual receipts to within 5 per cent. and keep Congress to this figure."

Sir, I have read out these passages to show that the Americans are very mindful of their estimates of receipts and their estimates of expenditure. Their receipts are estimated in a manner which does not allow variation from the actuals to the extent of more than 5 per cent. Sometimes, the variation has come to 16 per cent. but then, this much variation has been viewed with disfavour on account of its engendering a tendency on the part of the heads of departments to propose appropriations which would be much in excess of the amounts which should be fixed for them. A surplus which accrues to the American Exchequer in any year is never applied to the deficit that may occur in the succeeding year, but expenditure is kept under control. The President takes a special interest in seeing that the expenditure in no manner exceeds the receipts. The military expenditure of the American States never exceeds one-sixth of their total expenditure, whereas our military expenditure here is, even taking the expenditure at a low annual figure of Rs. 50 crores, more than one-third the total expenditure. I spoke just now of Rs. 50 crores per year for the military expenditure. The other day, when I sought to examine the correctness of the statement which was made by the Honourable the Finance Member with regard to the effect of the lengthening of the period of stabilisation, I said that instead of a saving of Rs. 1,70,00,000 in 1931-32, as calculated by the Finance Member, the expenditure during 1928-29 to 1933-34 would actually go up by Rs. 1,70,00,000; that according to my calculation, at the end of 1933-34 without the lengthening of the period of stabilisation the total military expenditure from the year 1928 would have amounted to Rs. 320 crores (55 crores each year for four years ending 1931-32 and 50 each year for 1932 to 1934) and that according to the estimate which was made by the Honourable the Finance Member the expenditure would amount to Rs. 321.70 crores. The Honourable the Finance Member got up to enquire from me as to where I had got my figure of Rs. 50 crores in my calculation from. I could not quote chapter and verse then, but subsequently I have been able to spot the passage in the Explanatory Memorandum on which I had based my calculation; and I shall quote it in order to show that the calculation which I put forward is the correct one. I am referring to page 29 of the Explanatory Memorandum, paragraph 8.

"The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57½ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place."

[Mr. S. C. Shabani.]

It would seem that in each year from 1923-24 the expenditure has been below the Retrenchment Committee's figure of Rs. 57 crores. In 1927-28 it stood at Rs. 54.79 crores. I have got to point out that the prices have fallen and fallen phenomenally. I have also to point out that on account of the exchange ratio of 1s. 6d. less has to be expended upon payments that are made in England in the Military Department, and that has meant a large saving. If you look into paragraph 5, you will see:

"In each year from 1923-24, the expenditure is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the Military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present rate of exchange, the Retrenchment Committee having worked on a basis of 1s. 4d.=1 Re."

Having said this much, I would deal with the main point which I wanted to make on the floor of this House, namely, that enough is not being devoted to education. I find that only about Rs. 18 lakhs are devoted to education by the Central Government, which works out at .14 per cent. of the total expenditure. Now, the Provincial Governments are devoting a part of their receipts to education, but the percentage of that too would not exceed the percentage that is being devoted to education by the Central Government. I find that on public health .10 per cent. of the total expenditure is being spent; and on industry .01 per cent. On the whole, no more than .25 per cent. is being devoted to the nation-building departments. The American expenditure on Education alone comes to 30 per cent. of their total expenditure. My Honourable friend, Raja Bahadur Krishnamachariar, said that the average income of an agriculturist was very low, and that ways and means had to be found to increase his income. The average income of the people of India is only about Rs. 6 to Rs. 8 per month per head. It would be Rs. 6 according to some economists, and it would be Rs. 8 according to others. It goes without saying that the amount of Rs. 6 or Rs. 8 per month could never help anyone either in the country or in the city to secure for himself and his family any real growth and development. Education is the only real way and means for raising the average income of the Indians. I would like to make the most of this opportunity. In the matter of education, I would leave primary and secondary education. I would at once refer to what is being done for the Delhi University. In 1922 this University was inaugurated. It was stated in the objects attached to the University Bill—I was in the Assembly then—that the University would be unitary, teaching and residential. The University has not become unitary, although nine years have gone. The colleges continue units both of lecture work and tutorial instruction. I can only say that some attempt is being made at inter-collegiate work in the two colleges at the Kashmere Gate, but beyond that neither the lecture work nor the tutorial work is really university. Each College works as a unit by itself, and there is practically no control of the University. The University has not become a teaching university either. Only three readers have been appointed instead of six, two in science and one in economics. Nothing beyond that has been done. I also see that the Faculties of Commerce, Medicine, Technology and Fine Arts, which were intended to be started long ago, have not yet been started. I also see that the University has not become residential. The

biggest College in Delhi has its hostels in hired premises and the Law College is also housed in unsatisfactory hired premises. The offices and the library are situated at a considerable distance from the College and their hostels. Not only that. The laboratories are situated in hired flats adjoining Davicos tea rooms and dancing halls and are unworthy of even good colleges. The University has not been in these nine years made unitary or teaching or residential. And then the grant which is being given to it is not even one-sixth of the grant that is given to Lucknow or Allahabad University by their Provincial Governments and it is less than one-fourth of Dacca. Even the Benares and Aligarh Universities are getting more from the Central Government than the Delhi University, for which the Central Government are directly responsible. Not only that, the Raisina site for the University has been cancelled by an executive order. A Finance Committee was appointed some three years ago to inquire into the financial condition of the University and to advise the Government on educational affairs. No educational expert sat on it, and many of the recommendations that were made by this Committee were inconsistent with the recommendations of the Sadler Commission, which is undoubtedly an authoritative Report. But even the recommendations that were made by this Finance Committee have not been given effect to. A policy from every point of view of drift and indifference is being pursued and I would request the authorities to look into the matter as early as possible. I have not much time at my disposal. Otherwise I should have liked to talk about the board that has been appointed for secondary education for Delhi. Naked autocracy, so far as I can see, rules in the case of all matters pertaining to Delhi. The Land Alienation Act was by an executive order made applicable to Shahdara. I trust that at any rate an advisory council for Delhi will forthwith be appointed, and some days will be allotted in the Assembly to Delhi matters.

Now, I would say just a word with regard to what is happening in Sind. The capacity of the agriculturist to bear the burden of new taxation in Sind is at a low ebb. Sind has suffered from unprecedented rains and floods, and it has recently suffered from an unprecedentedly large number of gang robberies—not less than 200 in a month and a quarter. I amused His Excellency the Governor of Bombay when he visited Sind and some of the other Sind authorities by saying that, if I had been entrusted with the work of suppressing the gang robberies, I would have found it possible to do so in a week. Now, on account of these gang robberies and floods, the new taxation will operate very heavily upon the people of Sind. Again, at this time it is being proposed that the province should be converted into a separate province. Mr. Layton has told us that 80 to 50 crores would have to spend upon the impending constitutional reforms, and surely a large sum will be spent upon the creation of a separate province. It is very unfortunate that no one represented the Hindus of Sind at the Round Table Conference. The Sub-Committee (Russell Committee) that was appointed to consider the separation of Sind decided that the province should be separated. They have accepted the principle of separation, but I trust that if the findings of the Sub-Committee in the case of Burma come to be revised, *a fortiori* this verdict of the Russell Committee in the case of Sind would be revised. It has been said by the Russell Committee that there has long been an insistency in the matter of advocacy for the separation of Sind. This

[Mr. S. C. Shahani.]

is an absolutely wrong statement. The All Sind Hindu Association and the Panchayats of Sind have been protesting and very strongly protesting against the separation.

Nawab Sir Sahibzada Abdul Qayyum: Was not the separation movement started by the late Mr. Harchandrai Vishendas, who was also a Member of this House?

Mr. S. C. Shahani: I know the whole thing. I could not be led to believe that Mr. Harchandrai started this advocacy for the separation of the province. The Hindus of Sind have consistently protested against it with the exception of a very few. Even the Muhammadans have been uptill lately against it. Kindly bear in mind that the Muhammadans of Sind have advocated separation only when an outside Muhammadan demand has been made.

Mr. C. S. Ranga Iyer: Hear, hear.

Mr. S. C. Shahani: An attempt is being made to convert Sind into a Muhammadan province, contiguous to Baluchistan, the North-West Frontier Province and the Punjab, to form a belt of pan-Islamic influence.

Nawab Sir Sahibzada Abdul Qayyum: They want to make Sind a separate province on its own merits

Mr. President: Order, order. I cannot allow the Honourable Member to be interrupted. At a quarter past four he begun addressing the House and I appealed to him to be brief—and it is now nearing five o'clock.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): I should like to thank you, Sir, for allowing me to say something of a particular nature on behalf of the constituency which I have the honour to represent. At this late hour and after so many interesting, or shall I say also some non-interesting debates on the Budget, I think everybody must be more or less tired of hearing speeches on the Budget; and although I also intended to say a few words on the Budget and the Finance Bill, having regard to the late hour and the soporific speeches which perhaps from the Government point of view were inflicted upon the House but which from our point of view were very enlightening, I will not say anything about the Finance Bill beyond remarking that it certainly does not represent a change of heart. If there had been a change of heart, Sir, I think some really substantial efforts would have been made by the Honourable the Finance Member to meet the deficit in other ways. Sir, I personally look upon the management of the Government in the same light as anyone of us would look upon the management of his own household. If you find income going down, you take drastic steps to reduce your expenditure or to do what you can in order to make the two ends meet. Has the Honourable the Finance Member done the same thing with regard to the Budget, or not? If he has not done so—and the reason is pretty obvious, because we are living under a Government which cannot by its very nature sympathise with all our demands and aspirations—I really pity his position. What can he do? But, if the Government is to be carried on honestly and in the interests of the people concerned, and not in the interests solely or mainly of those who govern it, I think a very different Budget would have been put forward, or at any rate substantial cuts would have been made in the present Finance Bill.

Now, Sir, coming to the special point about which I ask your permission and the indulgence of the House, I want to mention one matter. I represent the Benares and Gorakhpur Divisions. There is a river boundary between Ballia and Ghazipur in the United Provinces and Shahabad and Saran in Bihar. By a notification of the Government of India of 1865, the river Ganges which is also called river Ghagra at some other place, was fixed as the boundary, and from about 1868 down to 1912—which is all the information I can get here in this Manual of Government Orders and Rules both of the Bihar and Orissa and the United Provinces Governments—I find that a number of villages every year have been transferred from one side to the other and back again to the other side. I personally went down to Ballia and saw the Collector of that district and he told me that that was the procedure which under the Government orders had to be carried out every year after the rains to find out which was the deep stream. If the deep stream is on the Ballia side, a number of villages is transferred to the Shahabad side; if the deep stream is on the Shahabad side, a number of villages is transferred to the Ballia side. If it were only a question of territorial jurisdiction, it would not matter much, but some of the Honourable Members of this House may perhaps have been to Ballia and they will realize the position. Sir, the tenancy laws in the United Provinces are very different from those in the province of Bihar and Orissa, where Shahabad lies, and Ballia and Ghazipur districts are permanently settled districts. A number of tenants have secured permanent statutory rights which are transferable, and those rights have been acquired during the course of the last 20 years at considerable prices and have been transferred to other sub-tenants. Now these tenants, being at one time under the district of Ballia and at other times under the district of Shahabad in Saran, are very much affected, and their interests seriously suffer; and therefore what I want to do is to ask the Honourable the Finance Member or those other Honourable Ministers who have the control of this affair to look into this question and see whether it is possible or not to avoid these useless boundary operations being carried on year after year by one officer of each district and in case of disagreement by a joint inquiry by both districts, and to fix instead some such rule by which it may be possible that these poor tenants and their valuable rights will not be transferred from one province to another simply because of the vagaries of the river every year. I offer two suggestions, one is this, that either such boundaries between these two provinces and the adjoining districts should not be distributed for a period of at least ten years, irrespective of whichever side the deep stream of the river lies, or secondly that so far as the river changes its deep stream in a width of about 10 miles or 8 miles, it will not affect the boundaries from one side to the other.

Lastly, when I was at Ballia, it was brought to my notice that about 10 or 12 villages have very recently been transferred from one side to the other. If I take the figures, I think I can almost say that every year once and sometimes twice a year a number of villages and large plots of land have been transferred from Ballia to Saran and back again to Ballia, also from Ghazipur to Shahabad and back again to Ghazipur.

I do not wish to take up much more time of the House than simply to invite the attention of Honourable Members to remove the standing grievances of Ballia and Ghazipur districts on the one side and Shahabad and Saran on the other and do something to alleviate their distress.

Mr. R. S. Sarma (Nominated, Non-Official): Sir the only justification for my getting up this afternoon is the cordial invitation that has been extended to any one of us in these Benches by Mr. Mudaliar to say something in reply to the observations that he and other Members in these Benches made this afternoon.

Mr. Gaya Prasad Singh: He referred to Official Members.

Mr. R. S. Sarma: No, he referred generally to the back Benches.

Mr. Gaya Prasad Singh: I think Sir Cowasji Jehangir did pointedly refer to the officials.

Mr. R. S. Sarma: He may have referred to officials but not Mr. Mudaliar, and I, Sir, want to ask and want to throw out a challenge to the Honourable Members on those Benches whether they can state a single argument, a single statement or a single constructive suggestion that any of those speakers made during the last three days which they have not made on the day of the Budget discussion and which have not been replied to by the Honourable the Finance Member.

Mr. B. Das: That is a libel.

Mr. R. S. Sarma: Sir, it may be a libel or anything of the kind. Sir, if it is true and is still a libel, I would rather say that I plead guilty and I am saying something libellous, but I put it to the Honourable Members that not a single argument has been advanced and not a single suggestion made except those that were made on the day of the Budget discussion and have been answered by the Honourable the Finance Member. The only one swan song or parrot cry of the Honourable Members opposite was on the theme of retrenchment. I remember, Sir, the other day when the Honourable the Finance Member said what he had to say on that subject, and added that he was going to have a Retrenchment Committee and was going to add the Military Budget in the terms of reference, he was rightly and readily applauded by the Members of the Opposition, and I really do not know what there is to reply to more than what he said on that occasion.

Secondly, Sir, my Honourable friend, Sir Cowasji Jehangir, with a warmth which was worthy of a better cause, asked why these brilliant Members of the Indian Civil Service and Members of the Provincial Services were brought from their homes for two or three months in the year and made to sit quiet on these Benches only to raise their hands. I do not know myself about this, Sir; and I have been trying to find out myself, why it is so, for some time. The Government have not taken me into their confidence, but I have some sort of secret suspicion that these gentlemen, brilliant as they are, must have committed some sort of slight sins in their past lives, and a merciful Providence, probably, as a sort of mild punishment ordained that they must come here and sit listening to the sort of speeches that they have been listening to for the past few days from the Honourable Members on the opposite side.

The Assembly then adjourned till Eleven of the Clock on Friday, the 20th March, 1931.