

Thursday, 5th November, 1931

THE
LEGISLATIVE ASSEMBLY DEBATES
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SECOND SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931



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Legislative Assembly.

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Deputy President :

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LEGISLATIVE ASSEMBLY.

Thursday, 5th November, 1931.

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

QUESTIONS AND ANSWERS.

TIME-SCALE OF PAY FOR THE SECOND DIVISION IN THE GOVERNMENT OF INDIA SECRETARIAT.

1201. *Mr. Muhammad Muazzam Sahib Bahadur: (a) Are Government aware that the time-scale of pay (*viz.*, Rs. 80—100—~~8~~—300—350) fixed for the Second Division of the clerical establishment in the Government of India Secretariat is illusory, inasmuch as a clerk who starts service in that grade can scarcely reach the maximum of the scale in the ordinary course by getting annual increments?

(b) Is it a fact that the clerks who have been confirmed in their appointments after the introduction of a leave reserve have not been allowed to draw increments in respect of their continuous temporary service prior to confirmation, as was the case before the system of leave reserve was introduced? Are Government aware that this has rendered the chances for reaching the maximum of the scale of pay fixed for the Second Division all the more remote and created a general discontent among the clerks who entered service long before the introduction of the leave reserve but were confirmed after its introduction?

(c) If the answer to part (b) is in the affirmative, do Government propose to consider the advisability of such hard cases being exempted from the operation of the general cut in salaries that may ultimately be decided upon?

The Honourable Sir James Orerar: (a) No.

(b) The ordinary rule is that the minima of the various Divisions can be drawn only on confirmation. Temporary and officiating service prior to confirmation does not, therefore, count for increments. As, however, owing to special conditions prevailing during the War, men had been employed in a temporary capacity for long periods, exceptions to the ordinary rule were made in individual cases of special hardship, such men being allowed to count some of their temporary service for purposes of increments. Since the introduction of the leave reserve the ordinary rule has been more strictly enforced. The reply to the second part of the question is in the negative. Government do not consider that the enforcement of the ordinary rule has affected generally the chances of men who were in temporary employ before confirmation, of reaching the maximum of the grade.

(c) No.

RATES OF PAY IN CERTAIN CURRENCY OFFICES.

1202. *Sardar G. N. Mujumdar: (a) Will Government be pleased to state whether the inquiry about the rates of pay in Cawnpore, Lahore and Karachi Currency Offices, which was entrusted to Mr. Jukes has been completed? If so, when and by whom was the inquiry made?

(b) Will Government be pleased to state whether it is a fact that the Currency Union has been informed that the question was departmentally inquired into? If so, why was the inquiry done departmentally?

(c) Will Government be pleased to state whether it is a fact that the Nixon Inquiry Committee recommended an increase in the scales of pay of shroffs, although from the departmental inquiries Government have repeatedly stated that there is no justification for the increase? If so, why was the question departmentally inquired into?

(d) Will Government be pleased to state whether the local associations were allowed to be represented at the time of the inquiry? If not, why not?

The Honourable Sir George Schuster: (a) The points were examined by Mr. Jukes in March, 1931.

(b) The Union was informed that these matters would be examined departmentally. The decision to deal with them departmentally was come to after a discussion with a deputation of Members of the Assembly.

(c) and (d). The Nixon Inquiry Committee did recommend an increase in the scale of pay of shroffs in Bombay and the Government applied their conclusion to the shroffs in all Currency Offices. The Committee analysed the position of clerks in the Bombay Currency Office, set out the relevant considerations, and concluded that no revision was necessary in their case. With this model before him, Mr. Jukes found it unnecessary to conduct a local enquiry in each place, and consequently no question of a representation of the local Associations arose.

PAY OF SHROFFS IN CURRENCY OFFICES.

1203. *Sardar G. N. Mujumdar: (a) Will Government be pleased to state the extra cost sanctioned by them on account of the recent revision of the pay of shroffs (excluding Head Shroffs) in Currency Offices in India and Burma and the actual expenditure likely to be incurred by the several Currency Offices on this account during the official year 1931-32?

(b) Is there any difference between the two figures? If so, why?

(c) Have all shroffs benefited by the revision? If not, why not?

(d) Are Government prepared to apply the same rules to the present revision as was done in the case of the revision of 1924 in the case of clerks?

The Honourable Sir George Schuster: Government are obtaining certain information to enable them to reply fully to the Honourable Member's question. A further answer will be sent to him as soon as possible.

SUBSTITUTION OF PROVIDENT FUND FOR PENSION SYSTEM.

1204. *Sardar G. N. Mujumdar: Will Government be pleased to state whether any decision has been arrived at in the matter of substitution of the provident fund system (as obtaining in the Railway Administration) in

Heu of the present pension system? If not, when is the question likely to be decided?

The Honourable Sir George Schuster: I would refer the Honourable Member to the reply given on the 21st September, 1931, to part (a) of question No. 600 put by him on behalf of Mr. S. G. Jog.

PENSION OF INFERIOR SERVANTS OF THE GOVERNMENT OF INDIA.

1205. ***Sardar G. N. Mujumdar:** (a) Will Government be pleased to state whether the question of pension to inferior servants of Government was included in the terms of reference of the Labour Commission? If not, why was the decision deferred till the report of the Royal Commission on Labour was available?

(b) As the report is now out, will Government be pleased to state whether they have come to any final decision in the matter? If not, how long do Government intend to keep this important question pending?

The Honourable Sir George Schuster: (a) The reply to the first portion is in the negative. The object in waiting for the report of the Labour Commission was to see whether they would recommend Contributory Provident Funds as more suitable for low-paid subordinates than pension.

(b) I would refer the Honourable Member to part (a) of the reply given by me on the 21st September, 1931, to question No. 601 put by him on behalf of Mr. S. G. Jog.

ABOLITION OF A RAILWAY MAIL SERVICE SORTING SECTION BETWEEN DHOND AND MANMAD.

1206. ***Sardar G. N. Mujumdar:** (a) Will Government be pleased to state the principles governing the introduction and abolition of sorting sections in the Railway Mail Service?

(b) Are Government aware that a sorting section of the Railway Mail Service working between Dhond and Manmad has very recently been abolished and, if so, will Government be pleased to state whether or not it resulted in causing delay to the correspondence of the public?

Sir Hubert Sams: (a) The introduction or abolition of sorting sections in the Railway Mail Service is governed by a large number of considerations, among which are the timings of the trains, the volume of mail, the number and importance of the post offices served by the railway line, the comparative quickness of delivery secured by having a sorting section in the train as compared with the extra cost involved, the connecting trains at the starting and the terminal stations and so on. The principle followed by the Department is to avoid sorting in trains so far as is consistent with public convenience and public facilities and to have the sorting done in stationary mail offices on railway platforms or in post offices. This is done both in the interests of the staff, who find working in travelling trains far more exhausting than in stationary offices, and in the interests of economy so as to save the payment of avoidable haulage charges to the railways.

(b) One of the two sorting sections of the Railway Mail Service working between Dhond and Manmad has been abolished with effect from the 1st August, 1931. This has resulted in a saving of nearly Rs. 10,000 to

Government on haulage charges alone. No delay has been caused to the correspondence of the public nor have any complaints been received by the Postmaster-General, Bombay, on this score.

ABOLITION OF CERTAIN POSTS OF INSPECTORS IN THE RAILWAY MAIL SERVICE, BOMBAY CIRCLE.

1207. *Sardar G. N. Mujumdar: (a) Will Government be pleased to state the data, if any, laid down for the creation and abolition of the posts of Inspectors in the Railway Mail Service?

(b) Is it a fact that certain posts of Inspectors in the Railway Mail Service in the Bombay Circle have been brought under reduction, have been kept vacant and are under contemplation of being abolished?

(c) If the reply to part (b) above be in the affirmative, will Government be pleased to state whether the work is being or will be carried out strictly in accordance with the rules on the subject?

Sir Hubert Sams: (a) The sorting work to be checked, the inspection work to be performed, the duties in connection with foreign mails and the record of statistics and other matters are the determining factors in fixing the number of Inspectors, Railway Mail Service.

(b) Six appointments of Railway Mail Service Inspectors in the Bombay Circle have been brought under reduction during the current financial year. No such post is vacant nor is the abolition of other such posts under consideration.

(c) Yes.

DUTIES OF CERTAIN POSTAL EMPLOYEES CONSEQUENT ON RETRENCHMENTS.

1208. *Sardar G. N. Mujumdar: (a) Are Government aware that, as a result of retrenchment, certain classes of Postal employees are required to perform duties of posts carrying a higher scale of pay and, if so, will Government be pleased to state whether or not the procedure newly adopted is in contravention of the prescribed one?

(b) If the reply to the latter question in part (a) above be in the affirmative, do Government propose to take steps to put a stop to it?

Sir Hubert Sams: (a) Government have no information to show that the case is as stated.

(b) Does not arise.

†1209—1212.

TRANSFER TO A CONTRACTOR OF THE TREASURY WORK OF POST OFFICES IN BOMBAY.

1213. *Mr. S. G. Jog: Will Government be pleased to state:

- (a) whether 7 time-scale appointments at an average monthly cost of Rs. 770 were brought under reduction when the treasury work of the Town Sub-Offices in Bombay was given by contract and that the contractor was paid Rs. 783 more for this work;

†These questions were withdrawn by the questioner.

- (b) whether it is a fact that the National Cash Register has been lent to the contractor and, if so, what is the monthly rent recovered on that account;
- (c) whether furniture and stationery have been supplied to the contractor by the Postal Department and, if so, the amount paid by the contractor to the Department for this facility;
- (d) whether, as a result of the contract, the work of paying amounts to the depositors on account of withdrawals from savings bank accounts which was originally done by the Cash Department of the Bombay General Post Office has now been got done by the Savings Bank Department itself? Have Government considered the question whether if the work of the Treasury Branch would be done by the Department, the cost of working the Treasury Branch would be still less than the subsidy which is being paid to the contractor;
- (e) whether it is a fact that the contractor has now been recovering a sum of Rs. 200 from the Bombay Postal Co-operative Credit Society for the work which was done free of charge when the Treasury Branch was worked by the Department; and
- (f) If the replies to parts (b), (c) and (d) above be in the affirmative, are Government prepared to reconsider the whole question?

Sir Hubert Sams: (a) The facts are not as stated by the Honourable Member. When the treasury work of five important town sub-offices in Bombay was given on contract on the 1st January, 1928, seven time-scale appointments were brought under reduction. The average monthly cost of these 7 appointments on the then existing scales of pay was Rs. 735 to which however must be added leave and pensionary charges at 30 per cent., which makes the total of Rs. 955-8-0. The contractor was not paid a subsidy of Rs. 783 per month for this work. The contract was given on a subsidy of Rs. 1,250 per month for performing the treasury work of the 5 important town sub-offices in Bombay and of the Poona City sub-office. The contract to which the Honourable Member refers expired on the 31st March, 1930.

(b) The National Cash Register was purchased for use in the Treasury Branch of the Bombay General Post Office on the 2nd March, 1925. The treasury contract of the Bombay General Post Office began on the 1st April, 1925. The treasury contractor was required to utilise the National Cash Register in the interests of the Department and there was no question of lending it to him. Consequently no rent was recovered. The national Cash Register has not been used since the 1st October, 1930, as the work for which its use was prescribed is no longer performed.

(c) Yes, under the terms of the contract the necessary furniture and stationery have to be supplied to the contractor by the Department. Tenders were called on this understanding and consequently no amount is or can be recovered from the contractor.

(d) Under the departmental rules the work of paying the amounts to the depositors on account of withdrawals from the savings bank accounts is required to be done by departmental officials. This work was excluded from the work required to be done by the contractor when tenders were called for. The reply to the latter part of the question is in the negative.

(e) Under the terms of the contract, the contractor is not required to perform the work of recovering the dues due from the staff of the Department to the Bombay Postal Co-operative Credit Society. The recovering of the dues of the Co-operative Credit Societies by disbursing officers at the time of payment of salaries is a concession given by the Director-General to the staff of the Department. The contractor had been performing this work under protest for a long time and a private arrangement has at last been reached between the Society and the contractor with which the Department has nothing to do. Government understand that the Society has agreed to pay an honorarium of Re. 200 per annum for the work which the contractor is doing in connexion with the recovery of its dues from the staff at the time of payment of their salaries. If this agreement had not been arrived at, the Postmaster-General would have made arrangements for the performance of this work by the departmental staff.

(f) The existing contract is due to expire on the 31st March, 1935. Government do not propose to determine the contract and to work the Treasury Branch by departmental staff, as such management would be far more expensive involving for the treasury work of the Bombay General Post Office, its five town sub-offices, and Poona and Ahmedabad head offices and the Poona City sub-office an extra cost of Rs. 30,834-4-0 per annum.

CASH SECURITY REQUIRED FROM THE CONTRACTOR OF POSTAL TREASURY WORK IN BOMBAY.

1214. *Mr. S. G. Jog: Will Government be pleased to state:

- (a) whether the contractor doing the work of the Treasury Branch of the Bombay General Post Office and of some of its Town Sub-Offices, was to furnish a security in cash alone and in no other form to the extent of Rs. 3,00,000; and
- (b) if the reply to part (a) above is in the affirmative, will Government be pleased to state whether he has actually furnished it in cash and if not, why not?

Sir Hubert Sams: (a) No. The selected tenderer was required to furnish security in Post Office Cash Certificates (purchase value) or Government promissory notes (market value), though it was also open to him to furnish a substantial portion of the security in cash.

(b) Does not arise.

ORDERS FOR SELECTION OF PERSONNEL FOR RETRENCHMENT IN GOVERNMENT OF INDIA OFFICES.

1215. *Mr. S. G. Jog: Will Government be pleased to state:

- (a) whether they have issued any orders for selecting the personnel for retrenchment in the Government of India offices, and, if so, will a copy of the same be placed on the table; and
- (b) whether it is the intention of Government to refuse to allow men to continue in service after the age of 55 years without exception?

The Honourable Sir George Schuster (a) Yes. Departmental instructions have been issued. Government regret that, in accordance with normal practice, they cannot place a copy on the table.

(b) Government's general policy is to discharge first of all those whose work has proved unsatisfactory; and next those who have attained the age of 55. Exceptions to this order will be made only when there are strong public reasons for the retention of individuals over that age.

NEW APPOINTMENTS MADE IN THE POSTAL DEPARTMENT.

1216. ***Mr. A. Das:** (a) Will Government please state if it is a fact that the following new officials have been appointed during 1931:—(1) a new Publicity Officer for post offices, and (2) a new additional Assistant Director?

(b) If the answer is in the affirmative, will Government state their salaries?

(c) What was the need for their appointment when retrenchment is sought in every branch?

The Honourable Sir Joseph Bhoré: (a) Yes. The second additional post is that of an Assistant Director-General, not of an Assistant Director.

(b) The Publicity Officer is a Superintendent of Post Offices on his own scale of pay. His present pay is Rs. 675. The pay of the Assistant Director-General is Rs. 1,125.

(c) The post of the Publicity Officer has been created for one year as an experimental measure in order to ascertain whether the revenue of the Posts and Telegraphs Department can be increased by utilising its advertising resources to their fullest extent. The post of a temporary additional Assistant Director-General is in substitution of a higher post, *vis.*, that of the post of Deputy Director-General, Staff, and is therefore a less costly arrangement. It is in fact a measure of retrenchment.

RETRENCHMENTS IN THE POSTAL DEPARTMENT.

1217. ***Mr. A. Das:** In the Postal Department how many posts carrying a salary of Rs. 500 and how many carrying a salary of under Rs. 500 have been reduced?

The Honourable Sir Joseph Bhoré: If, as is presumed, the Honourable Member's question refers to current retrenchment, no posts referred to have been reduced pending the issue of orders by Government on the report which has recently been published of the Retrenchment Advisory Committee on the Posts and Telegraphs Department.

THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL—contd.

Mr. B. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Mr. President, in introducing his supplementary Finance Bill, my Honourable friend appealed to this House to be fair in its criticism, and he assured us that he always welcomed fair and honest criticism. Again, in moving the motion for the consideration of the Bill, he appealed to us to eschew sentiment, to face facts and to avoid destructive criticism. If it were not for the fact that we on this side of the House know what an amiable person the Honourable

[Mr. R. K. Shanmukham Chetty.]

the Finance Member is, we would be inclined to take offence at these repeated suggestions. These suggestions, repeated often and often, might be construed to contain a derogatory innuendo and to give offence by implication. But as I said, knowing my Honourable friend as we all do, we feel that it was not his intention to give offence by suggesting that we indulge in unfair or dishonest criticism. As he himself felt and said, the task on which we are engaged is not a very pleasant task. He expressed the hope that by the measures that he has introduced, he would enable the world to know that India was determined to live within her means. We are at one with the Honourable the Finance Member in making every endeavour on our part to live within our means. Whether as private individuals or as governments, no one can afford to live long beyond one's means. But the remedies applied by governments in achieving this end are very often fundamentally different from the remedies to which a private individual resorts in making up his mind to live within his means. In the case of a private individual, as in the case of a government, the problem of living within the means available is very often difficult and vexatious, but the private individual has in most cases only one course open to him. He has to cut down his expenditure to enable him to live within his means. But a government is very often tempted, and in practice what they often do, is to attempt to increase their revenues in their attempts to live within their means. It makes all the difference in the world whether, in living within your means, you cut down your expenditure or you increase your revenues; and as I said, governments all over the world are in the very fortunate position of having at their disposal means to increase their income whenever they want to live within their means. This method unfortunately is not always open to the private individual. But even governments reach a point when they begin to realise that they cannot increase their income according to their will and pleasure; and the Government of India today have, along with the other Governments of the world, reached that point when they have come to realise that, like the private individual, they must make an honest attempt to retrench expenditure if they are to live within their means.

The plight in which we find ourselves today is certainly one which we share with the rest of the world. There is some consolation in that we are not alone in this miserable economic plight; but I want this House to realise that, though world causes have considerably added to our difficulties, we really began to live beyond our means five years ago. It might be that one becomes wise after the event, and if I give a retrospect of our exact revenue and expenditure position for the last five years it is not with a view to find fault with my Honourable friend the Finance Member, but with a view to enable us to realise that the position in which we find ourselves today is one which, though aggravated by world causes, is nevertheless one which was inherent in the Indian financial position even five years ago. It might be that even if some of us were in the position of the Honourable the Finance Member we might not have realised five years ago where the then existing financial position would ultimately lead us to. As I said, it is easy to be wise after the event. But in appreciating the significance of the position in which we find ourselves today, it will do us good to realise that it is not one which has come about suddenly. I said that we began five years ago to live beyond our means. This state of affairs started from the year 1927-28. If

Honourable Members will turn to page 9 of the Explanatory Memorandum by the Financial Secretary and the table given there, they will find that, for the year 1927-28, we closed our Budget even without a deficit or a surplus; but if the figures are analysed it will be found that, that year really disclosed a deficit of 222 lakhs of rupees, and that amount was made good by the predecessor of my Honourable friend by drawing from a revenue reserve fund that was created in the previous year. In the year 1928-29 the year closed with a deficit of 32 lakhs of rupees, but in effect the deficit was 106 lakhs of rupees; because this deficit of 32 lakhs was arrived at after drawing another 74 lakhs of rupees from the Revenue Reserve Fund. That withdrawal exhausted the resources of that fund. In 1929-30, my Honourable friend took charge of the financial affairs of this country, and though that year closed with an apparent surplus of 27 lakhs of rupees, if Honourable Members will read my Honourable friend's Budget speech for that year, they will find that this so-called surplus of 27 lakhs of rupees was the result of a windfall of over 1½ crores from the German liquidation account. The net result of that year, again, therefore, was a deficit of over 1½ crores. In 1930-31 we gave my Honourable friend additional taxation to the extent of 5 crores, and yet the accounts of that year disclosed an uncovered deficit of 12 crores 68 lakhs of rupees. In 1931-32, the current year with which we are dealing, Honourable Members will remember that we sanctioned an additional taxation of 15 crores, and today our friend the Finance Member tells us that, in spite of this additional taxation of 15 crores, there would be a deficit of 19 crores 55 lakhs. From this retrospective review of our financial position, Honourable Members will therefore realise that from the year 1927-28 we have been really living beyond our means, and if today we find that the extent to which we have gone in this direction is more than we could have anticipated in 1927-28, it is, I submit, as much due to the position created five years ago as to the aggravation caused by world causes.

Sir, the Honourable the Finance Member has resorted to the very extraordinary and unusual practice of giving us a Budget for 18 months, and I must submit that whatever might be the merits of this procedure, it certainly has caused a great deal of confusion in the proper appreciation of the figures of revenue and expenditure for 18 months. One has to examine the figures very carefully to realise whether a particular figure relates to the whole period of 18 months or to the six months of the current year or the 12 months of the coming year. I do not know, whether when the National Government presented their Supplementary Finance Bill to the House of Commons, they adopted this device of providing taxation for 18 months' at a stretch. Whatever might have been done in England to meet the situation, I fail to appreciate the reason that actuated my Honourable friend in taking this unusual course. Sir, I can explain the anxiety of my Honourable friend to adopt this extraordinary course by only one explanation. If Honourable Members would carefully read the figures given by him, they would realise that in spite of all his attempts, in spite of proposals for additional taxation for the current year, the current year's balance sheet is still left with a deficit of over 10 crores. This deficit of 10 crores my Honourable friend wants to make good not by retrenchment or taxation proposals for this year, but by the surpluses that he would get by his taxation and retrenchment proposals for the coming year. I can explain this procedure of my friend only by his anxiety to provide in advance for the uncovered deficit of the current year.

[Mr. R. K. Shanmukham Chetty.]

Sir, what exactly is the position with which we are faced today? My friend has told us that in the current year there is a deterioration in revenue to the extent of 11 crores 33 lakhs, that the commercial departments have deteriorated to the extent of 5 crores 48 lakhs, that income from miscellaneous items has deteriorated by 56 lakhs, and the net result is a deterioration by 17 crores 37 lakhs in the revenue. To this must be added an increase in expenditure to the extent of 2 crores 18 lakhs. I want my Honourable friends on this side to realise that the expenditure as forecasted in the revised estimate is 2 crores 18 lakhs more than the expenditure forecasted when the Finance Member presented the Budget; but to be fair to my friend, I must also explain that a great deal of this excess expenditure is due to the increased interest charges on account of Treasury Bills in the hands of the public. Honourable Members might remember that the Finance Member expected that at the end of the current year he would probably see 45 crores worth of Treasury Bills in the hands of the public; but those who have been observing the progress of the sale of Treasury Bills would have found that at one time it reached the enormous figure of 85 crores. No doubt, the difficulties of my friend were enhanced by the deterioration in the revenue position, but the fact remains that expenditure under this head is over 2 crores of rupees more than the expenditure provided for in the Budget. The net result of all this is that we are faced with a deficit of 19 crores 55 lakhs. Assuming that the same revenue and expenditure will remain for the coming year, my Honourable friend has rightly taken that the deficit for the next year would also be an equivalent amount, that is, Rs. 19.55 crores.

How does he propose to meet this deficit? There was a good deal of talk of the attempt made by the Government in effecting retrenchments in the civil and military departments of the Government. While I do not desire in the least to minimise the attempt, the honest attempt made by my Honourable friend and the various departments of the Government of India to reduce expenditure, I want Honourable Members to realise the very significant fact that the total amount expected for the current year, both in retrenchment and in cuts in pay, is only Rs. 90 lakhs; out of a deficit of Rs. 19.55 crores it is only Rs. 90 lakhs that are proposed to be met by retrenchment and cuts in pay. My Honourable friend by his proposals for additional taxation expects to raise Rs. 8.48 crores in the current year. This will therefore give him 9.38 crores, still leaving a deficit of Rs. 10.17 crores in the current year. For the next year my Honourable friend expects to effect by cuts in pay and retrenchment economies to the extent of Rs. 8.90 crores. He expects to raise by additional taxation Rs. 14.83 crores, thereby improving the position by Rs. 24.73 crores. The deficit being only Rs. 19.55 crores, this would give him for the next year a surplus of Rs. 5.23 crores. Now, this surplus which he expects to realise in 1932-33 he proposes to utilise for the deficit of 1931-32. This would still leave a combined deficit for the two years of Rs. 4.94 crores, which my Honourable friend proposes to make good by reducing the amount set apart for the reduction and avoidance of debt. That, Sir, briefly stated, is the proposal of my Honourable friend.

Now, let us apply our minds in a fair and honest manner to an examination of these proposals. I stated at the very outset that every

one on this side of the House, in fact, every Indian, whether inside this House or outside, is as anxious as, if not more anxious than, the Finance Member of the Government of India to maintain the financial soundness and integrity of this country. After all, we might be pardoned for saying that the financial integrity of India is a concern which affects the Indian even more than the Europeans in this country. Let there not be any misunderstanding on this point. If to-day we find ourselves unable to accept some of the proposals of my Honourable friend, it is not because we want to put a spoke in his wheel, it is not because we do not realise to the fullest limit the necessity for placing the finances of our country on a sound basis, but because we are honestly convinced that in the matter of tax burden we have reached a stage which might be considered to be almost a breaking point. If we are not in a position to offer alternative methods more effectively, it is because of the peculiar position in which we are placed. If some of the remedies that we suggest are considered impracticable by the other side, and if we are accused of being dishonest in our criticism, I would again submit that it is not because there is anything inherently defective in our point of view, but it is solely due to the fact that we as a permanent and chronic Opposition are placed in a position in which we are unable to prove to the world that we can carry our own ideas into practice. (Hear, hear.) It may be that my Honourable friend may consider some of my criticisms or proposals as impracticable. He being an honest man himself would not attribute dishonest motives to me, but I know there are people ready both in this House and outside who would attribute to Indian criticism an element of irresponsibility and merely a desire to obstruct the peaceful progress of Governmental activities. If we are to prove the genuineness of our claims, it can only be done by our being placed in a position to carry out those schemes which we recommend, and God willing, we hope that we will soon be in that position.

I said that the burden of taxation in this country had reached almost a breaking point. In appreciating and estimating the extent of that burden, it is not necessary to go back to a period beyond the years covered by the stewardship of my Honourable friend. My Honourable friend the Finance Member introduced his first Budget in the year 1929-30, and let us examine the volume and extent of taxation which he has added to the already heavy burden of tax in this country. In 1930-31 we gave him Rs. 5 crores additional taxation. In 1931-32 we gave him another Rs. 15 crores. We have thus added to our tax burden a recurring annual burden of Rs. 20 crores, and the present proposals of my Honourable friend seek to add another Rs. 7½ crores in the current year and Rs. 14 crores 83 lakhs in the next year. So that within three years my Honourable friend would have added a further tax burden to the extent of Rs. 42·31 crores, whereas the total tax revenue of this country has been in 1929-30 only Rs. 76 crores.

Sir, if you look at it from another point of view, you will find that if the proposals of my Honourable friend are accepted *in toto*, it would mean that in the year 1932-33 we would have added Rs. 35 crores extra taxation over what it was in the year 1929-30 when my Honourable friend took charge of his office. And I ask whether India is in a position to bear this burden of taxation. My Honourable friend would say, "Yes. If today we find ourselves in this unfortunate position, it is

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not because our expenditure has increased, 'but because the yield on the taxes has gone down, and how is the position to be made good?' I fully realise the force underlying the plea of my Honourable friend. But, with all the praise that I am prepared to give to my Honourable friend for the honest and strenuous attempt that he has made to effect economy in every branch of the administration, I would still submit that he has not effected in the military expenditure that measure of economy that one would have expected.

Sir, there is a very interesting analysis of figures that I made. In 1929-30 our tax revenue was 76 crores of rupees. I am taking round figures. In 1931-32 on the basis of the new proposals they are expected to be 79 crores and in this period we have added to our taxes 27½ crores of rupees. If my Honourable friends will make a very simple mathematical calculation, they would realise that on the basis of the taxation as it existed in 1929-30 our income today would be only 51½ crores and our military expenditure is almost equal to that figure. Today, therefore, in the year 1931-32, we are incurring a military expenditure of 51½ crores, which is almost equivalent to the total yield of all our taxes as they existed not very long ago, that is in the year 1929. I ask, Sir, in all earnestness and seriousness whether that is a position in which any country finds itself today. We have been crying ourselves hoarse year in and year out that the only way of equalising revenue and expenditure in India is to effect a very big and effective cut in military expenditure. We have been told by one of the Commanders-in-Chief that the Army in India has reached a stage when not a rupee could be retrenched and not a soldier could be dispensed with. We have been often told that the provision made for the defence of India is absolutely at its minimum. After all these years of vain pleading, it gladdens my heart to see that our point of view is supported from a most unexpected quarter; I mean the European Association of Madras. I am waiting to see what attitude the European Group will adopt towards the solution of the problem with which we are faced, but facing these facts as honest and practical men, the European Association of Madras thought it necessary to pass a Resolution to this effect:

"This meeting while fully realising the importance of adequate national defence is of opinion that in view of the present financial stringency further reductions are necessary in military expenditure."

That, Sir, is the considered opinion of the European Association of Madras, a body composed of men who, though agitators in certain fields of life, cannot be termed as agitators in the sense in which that word is commonly used. In moving this Resolution, the gentleman gave some very significant figures culled from that admirable Report called the Simon Commission's Report. Whatever might be the attitude of my Honourable friends towards that Report, I would most earnestly appeal to them to read and digest carefully the chapters relating to the financial position of India written by Sir Walter Layton. That eminent authority, after examining the financial structure of India, came to the deliberate conclusion that the military burden of India was one which India could not be expected to bear. Just to refresh the minds of my Honourable friends, I would give only one or two salient figures quoted in the speech of the member of the European Association of Madras.

The expenditure on defence in India, he says, amounts to 30 per cent. of the total expenditure of the Central and Provincial Governments combined, and making a comparison of the percentage of expenditure with the Dominions, it is pointed out that the expenditure in Australia is 2.4 per cent., in Canada 2.9 per cent., Irish Free State 7.2 per cent., New Zealand 3.9 per cent. and South Africa 2.4 per cent. Then he goes on to say that India ranks seventh in the list of the great powers of the world from the point of view of military expenditure, and her expenditure on defence is between two to three times as great as that of the whole of the British Empire outside Great Britain. There is one more interesting comparison. Allowing for increase in prices, Britain's estimate for expenditure on defence in the year 1931-32 was 40 per cent. more than it was in 1913-14. But India's expenditure on the other hand this year is 86 per cent. more than what it was in 1913-14, and the speaker very significantly points out that the rise of prices in India has not been as great as the rise in Great Britain, and this year prices have fallen almost to the pre-war level. These facts and figures are very significant. While I am prepared to join my Honourable friend in the chorus of praise showered upon the Military Department for what little they have done, because it is a great thing to make them do even that little, I must remark that the avenues of economy in this direction have not been explored sufficiently to enable Members on this side of the House to satisfy themselves about the *bona fide* of the Government in that department.

Before I leave the question of military expenditure I would ask my Honourable friends to realise that, in the proposals submitted by my Honourable friend, there is no doubt provision made for an economy to the extent of 4½ crores of rupees in the Military Budget for 1932-33, but Honourable Members will note, if they carefully read these papers, that there is no proposal for retrenchment even to the extent of a single rupee in the Military Budget in the current year. I ask, Sir, is that a fair way of dealing with the question of economy and retrenchment? Surely the Government of India with the rest of the world began to realise the precarious position into which it was drifting some months back. Surely it must have become patent to the Government of India, even early in the current financial year, that all would not be well with the finances of the Government for the current year; and I ask, was any honest attempt made to reduce the Military Budget for the year 1931-32? It is difficult to believe that the Military Budget of India is so balanced that even in this extraordinary time of stress and stringency the Military Department cannot surrender a single rupee in the year 1931-32. It is a very significant fact and I would ask Honourable Members to keep this in mind in studying the papers.

Having made these general observations, I would now try to analyse the implications of the proposals for taxation made by my Honourable friend. Like him I am prepared to accept for my guidance the two dicta of Mr. Keynes, that new taxation must increase the balance of trade and that it must increase rather than decrease output. Let us examine the new proposals of my Honourable friend from that point of view. So far as increasing the balance of trade is concerned, it is not merely sufficient to restrict the volume of imports with a view to increase the balance of trade, because to that extent the country would be poorer. A favourable balance of trade can no doubt be realised by restricting the volume of

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imports, but I submit that to enable that balance of trade to be beneficial to the country, it ought to be mainly brought about by creating a larger exportable surplus in the country. The two dicta of Mr. Keynes really become one dictum, and that is, proposals for new taxation must increase rather than decrease the national wealth of the country. Let us study the proposals of my Honourable friend from that point of view. I am prepared to concede that some of the proposals that he has made for increasing our customs revenue would act as a stimulus to Indian industries, but unfortunately it cannot be said of all the duties. My Honourable friend has suggested an import duty of half an anna per pound on raw cotton imported into this country. I was very much surprised that my Honourable friend the Finance Member should have suggested that this would benefit the agriculturists of this country. If only the figures relating to the consumption of Indian cotton were carefully gone into, my Honourable friend would realise at once that by no stretch of imagination could this import duty on cotton be said to benefit the grower of cotton in India. The annual output of cotton in India today stands at over 6 million bales, of which very nearly 60 per cent. is exported outside this country. If therefore the agriculturist, the grower of cotton in India is to be benefited, his benefit must arise as a result of the increase in the price of cotton in the world's market and not by any artificial increase in the Indian market itself. Moreover the long staple cotton that is imported does not compete with Indian cotton. Therefore let there be no misapprehension that this proposed duty of half an anna per pound will in any way help the grower of cotton in India. On the other hand it would seriously affect the position of the Indian textile industry. It is not necessary to remind Honourable Members of the truism in fiscal matters that raw produce should as far as possible not be taxed. I would still wait and see what further justification my Honourable friend the Finance Member has to give in support of this extraordinary proposal for the levy of duty on the import of cotton into India. Sir, the Textile Tariff Board in reviewing the condition of the textile industry, especially in Bombay, came to the deliberate conclusion that if the textile industry in Bombay was to thrive, the mills must begin to spin finer counts of yarn. The textile industry in Bombay and Ahmedabad was not slow to take this lesson given by the Tariff Board, and those who know the textile industry, know that of late these mills have taken to the spinning of fine counts and to the manufacture of fine cloth. For this purpose it is necessary to import long staple cotton especially from Uganda. And here, Sir, as a parenthesis, let me make it perfectly clear that personally I am not in the least interested or affected by this proposed import duty on foreign cotton. Ordinarily one would not have thought it necessary to make mention of a factor like this, but we have of late found evidence in certain quarters of this House of a tendency to attribute personal motives to Honourable Members on this side of the House. So far as the mills with which I am connected are concerned, in fact, so far as the mills situated in my part of the country are concerned, we do not use even a single bale of imported cotton. We confine ourselves to the spinning of what is called the coarse and medium counts which can be spun from the cotton that is grown in India. Let me therefore make it perfectly plain that I am not actuated by any personal motive. Looking at it from the wider point of view, from the point of view of India's greatest national industry—the textile industry—I have no hesitation in condemning this proposed import duty on raw cotton. Combined with the proposed

duty of 10 per cent. on machinery, the proposal is simply absurd and ridiculous. I am surprised, Sir, that at a time when everything that lies in the power of the Government ought to be done to encourage Indian industry, my Honourable friend should have thought fit to bring forward proposals for taxation on machinery and raw produce. But, Sir, it has got a significance, and that significance is explained by an answer given by the Secretary of State to a question in the House of Commons. Our friends in the House of Commons, especially those representing Lancashire, are very much interested in Indian taxation proposals. They take a very deep and abiding interest, in our affairs, and whenever proposals for fresh taxation are made in India, they sometimes get bewildered; they are unable to realise the full implications of what it means and they ask a question in the House of Commons. The Secretary of State, being an honest man, like the average Britisher, gives an honest answer, and this is the answer that he gave on the implications of the present proposals.

"In the House of Commons, replying to a question today, Sir Samuel Hoare pointed out that the difference in the ordinary rates between British and non-British cotton piece-goods were now $6\frac{1}{2}$ per cent., as against 5 per cent. The other mitigating factors, as far as Britain was concerned, were the duties on machinery and raw cotton."

Honourable Members might remember that last time when we increased the import duty on textile goods, we gave a preference to our dear friends, the Britishers, to the extent of 5 per cent. as against foreign countries. But, the surcharge that is now proposed has made this difference $6\frac{1}{2}$ per cent. Well, I do not grudge this benefit that Lancashire gets as a result of the uniform surcharge that my Honourable friend is imposing. But, Sir, when combined with that, proposals are made which will seriously affect the Indian textile industry, and which will place it in a position of disadvantage as compared with Lancashire, then this side of the House is certainly justified in taking exception to that measure. Honourable Members who know the details of the textile trade will realise that while Japan is our competitor in the matter of coarse cloth and coarse yarn, it is Lancashire that is our chief competitor in the matter of finer yarn and finer cloth. To manufacture this finer yarn and finer cloth we want imported cotton, especially from Uganda. And what is the nett result of this proposal? It increases our cost of production and makes foreign cotton cheaper to Lancashire than to India. It therefore affects us both ways. I submit that, apart from minor considerations, any one who has got the interests of this national industry of India at heart cannot but oppose the pernicious duty on raw cotton and machinery. I would not wish to say at present anything about the other items with relation to the customs duties.

Coming to the other items of taxation, I must take exception to the proposal to lower the income-tax exemption limit. My Honourable friend proposes to make the minimum Rs. 1,000 instead of Rs. 2,000. For one thing, the cost of collecting the tax on incomes between Rs. 1,000 and Rs. 2,000 must be very much more in proportion than the cost of collecting the income-tax in respect of the higher limits. I would like to know from my Honourable friend what exactly he anticipates would be the cost of collection. But apart from this factor, I would submit that the persons who earn incomes varying from Rs. 1,000 to Rs. 2,000 have not got that margin which will enable them to pay this tax with ease, and from that point of view there cannot be any justification for lowering the income-tax

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exemption limit. I would very much like that the taxable minimum should be retained as it is; but if it is ultimately found that we must go one step further in reducing this minimum, I would suggest Rs. 1,500 and not Rs. 1,000.

Sir, I must also take objection to the surcharge proposed on salt. (Hear, hear.) I have no doubt that my Honourable friends who follow me will dilate more upon this. I know that very often the Indian criticism of the salt duty has been condemned as being sentimental and as being prompted by political considerations; but whether that charge be right or not, I would submit that sentimental and political considerations do play a part in Finance Bills. Have not political considerations played a part in fixing the cuts in salaries? (Hear, hear.) Can it be contended that the fixation of the cuts in salaries was arrived at purely on financial grounds? Can it be contended that when the concessions known as the Lee concessions were given, it was not political motives that actuated them and not merely financial considerations? (Ironical Cheers from the Non-Official Benches.) Let us therefore be honest about them. Sir, political considerations and sentiment do play a part: and even if for no other reasons, certainly the political and sentimental considerations with regard to the salt tax must be respected, and I take objection to the surcharge on that.

Then I come to the proposed increase in the postage. My Honourable friend in the revised proposal that he made makes the postage on covers an anna and a quarter and on the postcard nine pies. I know that this increase will go some way towards covering the deficit in this Commercial Department. In fixing the postal rates, I think we might take as a fair guidance the rates fixed in other countries and compare the national wealth and the purchasing power of those countries with our own. The postage in England for covers is a penny and a half, and I would submit that on that basis the proposed enhancement of the postal rates in India cannot under any circumstances be justified. Sir, I will not dilate more upon this because, I am sure, my Honourable friends who follow me will take this up.

Now these are the taxation proposals to which I take the greatest objection. What would be the financial effect of my objections? In giving up the duty on raw cotton, you will have to give up Rs. 43 lakhs in the current year and Rs. 87 lakhs next year. In giving up the duty on machinery, you will lose 52 lakhs in the current year and 108 next year. In restoring the taxable minimum for income-tax to the old level, you will have to give up 38 lakhs in the current year and 70 lakhs next year. In giving up the surcharge on salt, you will have to forego 21 lakhs this year and 85 lakhs next year; and in keeping the postage as at present, you will have to give up 37 lakhs in the current year and 73 lakhs in the next year. The net effect of all this would be that there would be a deterioration to the extent of 191 lakhs in the current year and of 418 lakhs in the next year. My Honourable friend may legitimately ask, how we propose to make this good. Well, my Honourable friend, Mr. B. Das, gave some very useful suggestions. He suggested, as one avenue of finding a little more money, the equalising of the excise and the import duties on kerosene oil and levy of an excise duty on lubricating oil. Sir, this subject has been debated on more than one occasion on the floor of this House, and so far as I have been able to follow the arguments, no convincing case has ever

been made on the side of Government for the maintenance of this difference between the excise and the import duties on kerosene. I would have expected that at a time of grave financial stringency like the one through which we are passing, my Honourable friend the Finance Member would have taken hold of that opportunity to equalise these duties. I must be pardoned if I venture to remark that, if he has not included this very obvious proposal, it is not because it is financially unsound but because he is deterred from doing so by vested interests (Laughter), and that political considerations again came into play there. I hope therefore that my Honourable friend will reconsider the proposal and equalise these duties. I have not been able to work out exactly what would be the financial effect of equalising these duties and increasing the duty on lubricants. But I have been told that in round figures it might come to Rs. 25 lakhs in the current year and 100 lakhs in the next year. If this proposal is adopted, then the deficit will be reduced to 166 lakhs in the current year and 318 lakhs in the next year, and how is this to be met? I should like to point out again that in spite of the campaign of retrenchment and economy, in spite of the extraordinary times through which we are passing, the Military Budget has not been touched by one single rupee in the current year. I ask, is it too much to expect that the military must now come to our rescue and reduce the Budget of the current year at least by Rs. 166 lakhs? The 318 lakhs for the next year must again be made good by a further reduction in the Military Budget. If for any reason it is not found feasible to meet the whole of that deficit by a reduction of the Military Budget next year, then I propose, Sir, that that deficit should be spread over another year or two years.

These, Sir, are the proposals that I would venture to make, and I have no doubt that I will get support for these proposals at least from a considerable section of the House. (*Some Honourable Members*: "Oh, yes.") I do not think that at this stage of discussion, it is necessary to elaborate in greater detail the various points emerging from the proposals made by my Honourable friend. When the detailed consideration of the Finance Bill is taken up, we will then have the opportunity of discussing these items in greater detail; I think that in the present stage of discussion I have done my duty by indicating the broad and general lines on which we would like the Honourable the Finance Member to proceed. Sir, whether the suggestions that I have made are feasible or not, I would be satisfied if my Honourable friend would credit me with being honest and fair in the criticisms that I have made. But whether our criticisms are fair and honest or not, we cannot get away from the fact that as a result of this crushing burden of taxation, we shall have to leave this House after two weeks with a heavy heart and a lean purse.

Mr. Arthur Moore (Bengal: European): Sir, I listened, as I think we always do, to Mr. Chetty's very clear speech with the very
12 Noon. greatest pleasure; but in listening to it I found myself waiting and waiting for some light, because I had hoped that Mr. Chetty would be able to help us in this present situation. He said that he was looking anxiously to see the attitude of the European Group. Well, I can return the compliment, because we were looking anxiously to see if we could get any help from Mr. Chetty. He was quite right in quoting the Madras Europeans. We are out for the same thing, and I do think that we can claim that in this House at the beginning of the present crisis it was this Group which first definitely raised the flag of retrenchment,—18 months

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ago in the Delhi Session at the beginning of 1930. When we were offered the choice of a subject to bring forward for a token cut on the Budget, we did see something coming—we do not pretend to have been anything like sufficiently accurate prophets of pessimism, and certainly we never anticipated anything so bad as has happened—but we did see trouble coming, and we definitely chose the subject of retrenchment, and moved a cut on the ground of the Government's lack of economy. The result of that was that the Government appointed a special retrenchment officer who reported;—but I think not very much came of that report. Things got worse, and we reached the situation of last January, February and March, 1931, when there was a pretty general realisation that they had become very bad indeed.

Now, on the question of Army expenditure, we had all realised that the Military Budget as it then was was going a long way towards breaking the back of the country, and during the discussions in the Session at the beginning of the year we here did very much press the necessity for further reductions in the Army. I may say that personally I have for years been making a speech which perhaps Members are getting tired of, in which I have annually pleaded that very great reductions could be made in the Army by a larger use of the Air Force. Therefore we have certainly been with the House on this point of reduction in the Army. But I do think we must be fair to the Army; and when Mr. Chetty says that not a pie has been cut down in the current year, I seem to remember that when we all united against the Government last March on the subject of income-tax, and the opposition had become so strong that the Government desired if possible to meet us, it was the Commander-in-Chief who helped to save the situation. This he did after the Budget had been produced; he it was who came to the rescue of the Finance Member by offering to postpone his re-equipment programme, and to effect a further saving. This was the contributory cause of the Finance Member being able partially to meet us on the question of the new taxes on income. Moreover, a considerable reduction had already been effected for the current year in the Military Budget, in addition to that new reduction to help us during March. Therefore I do not think it is fair to say that there is no reduction in the current year; and when you go on to the next year, I must say that I think that the Army has effected a very substantial and recognisable economy. I remember a few years ago the late Commander-in-Chief coming to us and making a speech in this House in which he said that although the Inchcape Report had laid down 50 crores as an ideal for the Army expenditure, that was not a figure that the Army could accept. They also recognised it as an ideal to work for, but he personally held out no hopes of it ever being realised in our time, and actually his Military Budget of that year of which I am speaking, was, as far as I remember, 55 crores. Yet now we find that the Army are content with a Budget which has come down to the neighbourhood of 46 crores, almost 10 crores less, and I cannot help thinking that if this figure had been put before us four or five years ago, we should all have been enchanted. But of course our appetite grows by what it feeds on, and now that we have been told that the Budget can be got down to 46 crores, we are no longer satisfied. In regard to that there is another consideration. I was delighted to hear the somewhat unexpected tribute which my friend Mr. Chetty paid to the serious work put into the Simon

Report. But as regards Sir Walter Layton's analysis of the problem, we have got to remember that he is comparing things which cannot be compared. It is all very well to talk about 2½ per cent. military expenditure in Canada or Australia or New Zealand; but you must remember that Australia has no land frontier at all, New Zealand has no land frontier at all.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): And Canada?

Mr. Arthur Moore: And Canada has the most remarkable thing which exists in the whole world—an enormous land frontier which it does not defend. The frontier between Canada and the United States is a remarkable instance of what can be done by friendship between two nations. Were either country to be suspicious of the other and feel compelled to undertake defence (owing to the discrepancy in population the greater burden of the defence of that frontier would really fall on Canada) the cost of the defence of that land frontier would be colossal.

Mr. C. S. Ranga Iyer: If the Honourable gentleman will forgive my interruption, may I inquire whether it is not a fact that the Indian military expenditure is kept up so high with such a big army only from Canadian considerations to meet times of emergency?

Mr. Arthur Moore: I am not the person qualified to answer that military question. But it has never occurred to me as even possible that that is so; and I am quite sure that I am safe in saying that it is not so. How can the Honourable Member suggest that we maintain our troops on the North-West Frontier in order to be able to whisk them at a moment's notice into Canada? If that is the suggestion, it does not seem to me to square with common sense

Mr. C. S. Ranga Iyer: But is it only maintained for the North-West Frontier? Is not the Army maintained also for Imperial considerations? Has it not been admitted?

Mr. Arthur Moore: Certainly. I think that is true, but after all even when it is put in that way, as it now very often is, we have got to remember that the phrase, "Imperial considerations", if you analyse it, comes back very much to the same thing as the defence of India, because India is regarded as the highest imperial consideration in the large sense. Certainly the largest overseas military problem which we possess is the defence of India, so that although that phrase, "Imperial considerations" is increasingly used, and I am quite prepared to agree that there may be something in it in the sense that India is entitled to a contribution towards the maintenance of her army—for I think that is a very arguable point—at the same time the phrase when analysed does not amount to anything very different from the defence of India. That is a point for the defence of India

An Honourable Member: Or is it that India is the property of England?

Mr. Arthur Moore: The point I am leading up to is that we yield to nobody in our desire to reduce military expenditure; but we are compelled to recognise what has been achieved and what is being achieved, and we are not prepared to say that more can be achieved in the eighteen months for

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which the Honourable the Finance Member is budgeting. As regards Mr. Chetty's point about this eighteen months, the way it appears to us is this. The vital point is that there is a deficit of 19 crores next March and if you are going to balance your Budget, then instead of finding what you are now finding, you will have to find another ten crores between now and the end of March; and I cannot believe that any proposals that the Finance Member can devise which would balance the Budget at the end of March, would receive the support of the Honourable Member. How conceivable could we be asked to find another ten crores between now and the end of March? I cannot think of a way, and if we do not do that the only alternative is to carry forward for a further year in order to be able to show that the Budget is being balanced. Otherwise we are undergoing all the agony of retrenchment and extra taxation without getting from the rest of the world the credit for having balanced our Budget; and it is essential for India and for our credit that we should balance the Budget, and show to the world that we are doing so. Therefore I am convinced that the course which was adopted by both the Home Government and the Indian Government in practically an identical emergency, an emergency which has overtaken all governments practically, is the right one; and that is to budget for eighteen months. From many European quarters the same suggestion has come as Mr. Chetty put forward

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): Have they done so in England?

Mr. Arthur Moore: Yes: that has been done there; but the suggestion has been put forward that we should "wait and see", and let the situation run till March. To my mind that would be fatal. If we are going to face up to this emergency, we have got to do it now, and if we are going to do it and to accept this heavy taxation, do at least let us get the credit of balancing our Budget.

In detail, Mr. Chetty's main criticism was, as I understood it, that he wants a great deal more retrenchment and a great deal less taxation. There again, I think all of us here would be entirely in agreement with him if only we knew how it is to be done. Both the Finance Member and Mr. Chetty quoted with great respect Professor Keynes' dictum about taxes which should increase output. With all due respect to Professor Keynes, I think he was talking "through his hat". I have no respect for this dictum. If any one will produce these taxes I am willing to vote for them, but where are they? Somebody said—somebody from Scotland I think—that there was no bad whisky: there was only good whisky and better whisky. My views about taxes are equally simple: there are no good taxes: there are only bad taxes and worse taxes; and I do not believe that these wonderful taxes that Professor Keynes is talking about can be found or have any existence whatever

Mr. C. S. Ranga Iyer: But is the Honourable Member aware that taxes go to the head?

An Honourable Member: Like whisky?

Mr. Arthur Moore: That again is a fundamental difference of opinion about the whisky

Mr. C. S. Ranga Iyer: It sometimes goes to the liver!

Mr. Arthur Moore: But when Mr. Chetty came to criticising taxation in detail, I could not help thinking how extraordinarily difficult it is for any one attempting to devise a system of taxation for India to reconcile the conflicting views that are put forward as what India wants. Listening to Mr. Chetty, I felt myself very largely in agreement with him: yet I kept asking myself, what would Mr. Gandhi say, and what would those Honourable gentlemen opposite say, who although they do not accept what may be called the Mahatma's ticket, nevertheless do very often speak as if they were in agreement with him? I find Mr. Chetty opposing the duty on machinery and the duty on raw cotton.

An Honourable Member: And on salt.

Mr. Arthur Moore: All that is entirely opposed to the set of doctrines which are now being preached in London as the economic ideas of India. We have been told that India does not want imports, that she does not want foreign goods including of course British goods. Yet when a tax is put upon raw cotton there is an outcry that it will prevent or rather will act as a handicap to Indian mills which are launching out in a new line of business, to produce the finer counts of cloth. Now to a large extent my own sympathies are with the mills, though I am not for that reason suggesting that this tax is not necessary as a revenue tax; but thinking it over while Mr. Chetty was speaking, it occurred to me that the point where he and Mr. Gandhi really are in agreement, and where I feel that they are fundamentally on the wrong track, is in the assumption which underlay all his arguments that there was an opposition between Indian trade and prosperity and British trade and prosperity. He attempted to prove that these taxes were really introduced by the Finance Member not in the interests of India but in the interests of England, and dictated by a sentiment in favour of England . . .

Mr. E. K. Shanmukham Chetty: I did not suggest that was the object of my friend; his object was very laudable and honest, but that is the result of his proposal.

Mr. Arthur Moore: I do not desire in any way to misrepresent my Honourable friend, but I think that when he quoted the Secretary of State's answer in the House of Commons and various other things he was suggesting that while the Finance Member probably thought he was honest he was really unconsciously being influenced by a sentiment of, shall we say, English patriotism. Anyhow he asserted that there is that sentiment and I am not concerned to deny that. I am quite sure that we on our side possess that sentiment. What I am concerned to deny is that you get anywhere by this perpetual balancing of the interests of India and the interests of England in opposition, and by suggesting that they are fundamentally opposed. Take the case of the duty on machinery. A few years ago this duty existed already, and it was an unexpected result of the Tariff Report on cotton that it suggested the abolition of the duty on machinery . . .

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): What was the duty in those days?

Mr. Arthur Moore: I have forgotten, but the Honourable Member probably will recollect. (*An Honourable Member:* "2½ per cent.") - Anyhow, there existed a duty, and it was the unexpected result of that Report

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that it recommended the abolition of the duty in the interests of the cotton industry, which is the same ground as my friend has given for his opposition to it today. Well, the abolition of the duty was then (I am quite clear in my recollection) opposed in this country on the ground that it was being abolished really in England's interests, because the machinery was imported from England. Now, when the duty is put on again we are being told that it is put on in England's interests because it helps Lancashire

Mr. B. Das (Orissa Division: Non-Muhammadan): I do not think that statement is correct, I mean that the duty was opposed by the Indian industrialists.

Mr. Arthur Moore: My friend must not misunderstand me. I am not prepared to say that it was opposed in this House. I don't remember a debate on the subject, but it was certainly vehemently criticised in the Press on those grounds. It is not possible to have it both ways. But when it comes to a tax on machinery . . .

Mr. B. R. Puri (West Punjab: Non-Muhammadan): Was not there a Press Act in those days?

Mr. Arthur Moore: When it comes to a tax on machinery, I think we all agree with Mr. Chetty,—I hope we all do; we here certainly do,—that a 10 per cent. tax on machinery is a most undesirable thing, and that machinery, above all others, is one of the imports into this country which should be free. We hope very much that the Finance Member will make a note of what Mr. Chetty has said and of the feeling of the House on this matter, and that he will earmark this tax as one of the earliest to come off. There is another point about it, and that is that it operates very unfairly. There are many people for whom machinery is plant which is installed once for all and is merely undergoing gradual depreciation and is finally after a great number of years replaced; for such people the tax no doubt is not very formidable. But there are other people for whom the import of machinery is continual, and is an absolutely necessary and vital part of the conduct of their business, and they are the people who will feel it as a perpetual burden. I am quite sure that there must be in this House a very general agreement that this tax on machinery which I am sorry to say Mr. Chetty represented, somehow perversely as put on in the interests of Great Britain, is entirely objectionable, and he will find that the British community in this country is entirely with him on this point. There remains the great difficulty of discovering how you are going to effect further retrenchment without doing a great deal of harm. Meeting a deficit is very much like trying to take the hollow out of a rubber ball; if you press it in one place you always make another hollow in another place. If you retrench, you throw people out of employment. Very often they are people who are trained for your particular purpose, and there is no opening for them in the labour market. That certainly must be true of a great many unfortunate people who lose their jobs on the railways, and it is obviously true of people like telegraphists; while on the other hand if you try to meet the deficit by taxation, you are very often subjecting yourself, as was said yesterday, to the law of diminishing returns, and you are contracting business, and therefore in the last resort contracting your own field of taxation. But we have to remember—I think

that my Honourable friend Mr. Chetty glossed rather lightly over it when he talked about the yield of taxation—we have to remember that, although we talk about this crushing burden, (and it is a crushing burden because it falls largely on the same shoulders) we are not getting more out of the country. It is the diminishing yield of taxation that is producing the crisis, and when you have got a country which has in the last ten years increased its population by over 30 millions, that aggravates the whole problem and the whole expense of Government throughout the country. A problem will remain at the end of these eighteen months, in view of the coming constitutional changes, which inevitably must result in expense. Do not let us disguise from ourselves the fact that the new form of government will be much more costly. It is the universal experience of the world that the more you broaden the base of democracy the more you increase your expense; though not always your efficiency. It is certain you will increase your expense, and we have got to face the fact that instead of working towards a more economic form of government, we are all collectively working together to produce a more expensive form of government. In those circumstances, with a more expensive Government at the centre and more expensive Governments in the provinces, it is inevitable that we shall have somehow to broaden the basis of taxation. I hope the Honourable the Finance Member will not think that I am for a moment suggesting that he should keep these taxes on; that is the last thing that I wish to suggest. My point is this. The main flaw of the Budget is that he has not broadened the basis of taxation. If I may say so, this is an extremely simple Budget; he has put a surcharge on income-tax, and he has put a surcharge on the customs duty, and he has effected certain retrenchments. That is the whole Budget. Sir Walter Layton was right when he said that the base must be broadened; and that is our real task. Retrenchment is necessary and retrenchment, I am glad to say, we are now getting in what we must admit is a very serious measure. But there remains the other problem which is for us to explore, new sources of taxation.

Mr. B. Sitaramaraju. (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Mr. President, the Honourable the Leader of the European Group has broken his silence, and he would like to know what Mahatma Gandhi would say if he were to break his. I wonder whether the Leader of the European Group thought that Mahatma Gandhi would congratulate the Honourable the Finance Member for having touched the pockets of the poor by his taxation proposals. Before I deal with the Honourable the Leader of the European Group about the remarks which he made on the military expenditure, I would at the very outset like to thank the Honourable the Finance Member that he has been pleased to acknowledge on an earlier occasion that in facing this unpleasant task we are not actuated by any personal motives, but we have been thinking of the constituencies that we have the honour to represent. That is so. We are now thinking of the people whom we have the honour to represent, and everybody who knows anything of this country will realise that the country is a poor country and the mass of the people are extremely poor. When we think of the heavy expenditure that is being incurred by the Government from time to time and that mainly on elementary functions of Government, such as defence and the like, and very little money is spent to stimulate trade or to promote the material prosperity of the people,—it is difficult

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for the country to bear any additional taxation. Sir, ever since the memorable announcement made in the House of Commons that India would be placed on the road to self-government, we have found that year after year expenditure has increased, and obstacles more or less of a financial character have been found placed in our path, and the race that we fondly anticipated that we would be able to run is a race, not a flat one but an obstacle race. When after the war other nations had been reducing their expenditure, particularly their military expenditure, we found that soon after the war, our military expenditure more than doubled itself, and the present Finance Bill, which has been introduced as a measure to meet an emergency is, as has already been pointed out by the Honourable the Deputy President, one of the series of measures that has been brought from time to time to cover deficits which have been almost a normal feature of the Government of India's Budgets.

Sir, a few years ago, in 1922-23, we were faced with a similar heavy deficit, and the present proposals of the Honourable the Finance Member are very much like the proposals which were made on that occasion. The Finance Member in those days taxed those articles which were used by the poor people. The present Finance Member does the same. The primary necessities of life have been taxed over and over again, and it is impossible for us, on an occasion like this, to accept a crushing burden of taxation. The Honourable the Finance Member said that we cannot hate his task much more than he does himself. We sincerely regret that the regime of the Honourable Member should be governed by circumstances over which he appears to have no control; it is abundantly strewn with calamities due to a policy over which he also appears to have no control and with which we have every reason to be dissatisfied. The Honourable the Leader of the European Group as well as the Finance Member reminded us of our responsibilities. I wish that they thought a little less of our responsibilities and a little more of those responsibilities of the powers that are, who are constituting themselves as the trustees of this country. I must say at the very outset that we are not, in making these observations, actuated by any political motives. As has been pointed out by the Honourable the Deputy President, even the European Association of Madras have criticised these proposals. Surely they cannot be attributed to have political motives. There is a deficit of Rs. 39 crores, of which more than Rs. 22 crores are to be met by taxation, and the rest only by retrenchment. That is not fair distribution. Sir, we are very glad that the European Group in Madras have taken a bold stand, and they have cried for retrenchment of a more drastic kind in the Army. In dealing with the Army expenditure, both the Finance Member as well as the Leader of the European Group were starting from the Inchcape Committee. To take the figures from the time of the Inchcape Committee is rather an unhistorical basis to start with. We have to go earlier than that. We have to go to the very beginning of Lord Ripon's time. You find that at that time the Army Budget was stabilised at 17 crores. I am not going to deal in detail with the various measures which have been taken to increase the expenditure, but I would point out that in the ten years following Lord Ripon's time, that figure has grown to 21 crores, and Afghanistan was held responsible for that, and after that 10,000 European troops and 20,000 Indian troops were added to the military strength of this country, and that was responsible for a further increase in expenditure

to about 26 crores; and right up to the war in 1914, we find that the average annual expenditure was about 28 or 29 crores. After the war in 1914, we find that—leaving those three years of war—that the military expenditure has increased from 28 to 68 crores, and now from 68 crores we have been coming down to about 51½ crores. The Honourable the Leader of the European Group said that we cannot expect a sudden reduction to pre-war level. Why not? It must be remembered that besides this, 51½ crores expenditure, there are other items of expenditure which are not classed as military expenditure but which are really meant for military purposes, and if we take those figures also into consideration, the expenditure would come to about 70 crores in all—an intolerable burden which must be cut down. I would like to point out that there are two ways in which we can retrench this expenditure. One is by the reduction of the Army and effecting more economies, and the other is by asking the Imperial Government to bear a share of the burden of the Indian Army.

I would like to read a passage from one of the Government of India's despatches which shows that the Army in this country is out of all proportion to the requirements of the country and the British Government should bear a proportionate share of the expenditure. This is what the Government of India say:

"Millions have been spent on increasing army in India, on armaments, etc., to provide not against domestic enemies or to prevent the incursions of the war like peoples of adjoining countries, but to maintain the supremacy of British power in the East. The scope of all those great and costly measures is far beyond India's limits, but the policy which dictates them is an Imperial policy. We claim therefore in the maintenance of British forces, in this country, a just and even a liberal view should be taken of the charges which should legitimately be made against Indian revenues."

This is not an irresponsible statement made by the Leader of the Opposition, Sir Hari Singh Gour, but by responsible ministers of the Government of India themselves. When Sir Hari Singh Gour was pointing out that the strength of the British troops should be reduced, the Finance Member resented the suggestion as one amounting to sending away the entire British force from this country. That was not what Sir Hari Singh Gour suggested. What he said was that the burden was out of all proportion to the requirements of the country, and that the British Army should be reduced. I would like to say that as one European soldier costs five times as much as an Indian soldier, from the point of view of economy, it is necessary that at least 10,000 troops in the British Army should go, particularly in view of the fact that it was even suggested at one time by the Simla Army Commission that 50,000 British troops were adequate for the defence of India. Even in other classes of expenditure there is further room for retrenchment. Several items are seen from the Report of the Retrenchment Committee which give scope for reduction. I do not like to go into details or into many of these items, but I would like to draw your attention to one or two items here. On page 31 of the Army Sub-Committee's Report it is stated as follows:

"The scale of a ration is based upon medical advice and it is contended that a recent exhaustive examination has shown that the ration is in no way in excess of requirements. To this expert advice we must yield, but we would point out that the normal system of bulk supply to units does not take into account the probability that 800 men do not consume, 800 standard rations every day. A system of a sliding scale was recently introduced whereby units were permitted to underdraw on certain items of the ration and to share with Government the saving thereby effected. We are informed that last year the system resulted in a saving to Government of Rs. 80,000 and to units of Rs. 2,34,000."

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Some expert comes and says that so much ration should be given to each soldier and that word is final although in actual practice it is found that the soldiers do not require that standard. They could underdraw on several items and as a matter of fact they have been actually underdrawing and as they do so they were able to save some money. Instead of that amount going as savings to the Government the practice now is that profit made by these savings are shared by Government and the soldiers—one-third should go to the Government of India and two-thirds to the units which made the saving. The whole of this amount saved over the excess of the actual requirements of the soldiers has not gone into the pockets of the Government, but was deliberately allowed to be shared largely by the units. To countenance such a practice, I think, is bad. I think that there is a possibility of saving under several heads of expenditure of that description. There are several items. Here is one, for instance, where it is said that, "If for one day meat is substituted for beef among the rations given to the soldiers, it would cost the Government four lakhs of rupees." At page 31 it is pointed out that since the Army themselves do not want meat and would rather prefer beef, these 4 lakhs could be saved. (*An Honourable Member*: "Meat? You mean, mutton? Then, say so.") Thus, it is pointed out, if beef is substituted for mutton, it would save to the Government of India four lakhs on that item alone.

Sir Abdullah Suhrawardy (Burdwan and Presidency Divisions: Muhammadan Rural): What about the old agitation of cow protection?

Mr. B. Sitaramaraju: Never mind about that; the Army has got nothing to do with cow protection. Sir, the main grounds of justification for the increase from Rs. 29 crores to 68 crores in the military expenditure of this country after the war were stated to be that there was a general rise of prices, and that there should be enhanced rates of pay granted, and that there should be an improvement in the standards of comfort. For this purpose the original standard figure of 29 crores, which was the annual expenditure spent on the Army, was increased to 68 crores. I have come across in this report the fact that the amenities which the soldiers are given are as follows:

- (1) Improved barracks and hospital accommodation and *electric lighting*.
- (2) Increase of the establishment of the Army dental corps.
- (3) Anti-malarial measures, and mosquito-proofing in hospitals.
- (4) Improvement in the rules for free furlough.
- (5) Improved scales of rations.
- (6) Improvement in clothing supplied, etc.

For improving these amenities,—it must be noted that they already did have some sort of amenities—for improving them still further, there has been an increase in the expenditure incurred from 29 crores to 68 crores. (*An Honourable Member*: "Crores?")—Yes, crores. This is what is said: I am reading from p. 11:

"In 1913-14, before the War, the net expenditure on defence stood at 29 crores. By 1921-22 just before the Inchcape Committee held its inquiry the cost had risen to 68 crores."

an increase which was attributed by that Committee to the general rise in prices. To-day of course prices have fallen, and there is not that justification for the increased military expenditure to continue. Enhanced rates of pay were granted to all ranks naturally in consequence of the rise in prices, but that justification also does not hold good now. Another ground for the increase was the improvements in the standards of comfort and amenities of the troops to which I have already referred. Therefore, from this it would appear that though after the war, since 1921, we have had no increase in the number of the troops, still, by way of increased amenities alone to them we have increased their cost by several crores and so I ask, is it unreasonable on the part of Sir Hari Singh Gour, the Leader of the Opposition, to suggest that there should be a reduction in the net Military Budget?

Then I come to the next item, that is, civil expenditure. It is very unfortunate that we should be called upon to discuss retrenchment proposals before the Committees have had time to go through all the items and then recommend a consolidated report. However that may be, we must express the view that the reductions indicated by the Honourable the Finance Member as being such as could be accepted by the Government are so inadequate that we must hold that, even more expenditure could be saved by the recommendations of the Retrenchment Committees notwithstanding their being improved upon in certain respects. Now in dealing with civil expenditure, the Honourable the Finance Member suggested three ways of action. One, by restricting the activities of certain departments of Government. Now here I would like to make one observation, *viz.*, that care should be taken that in restricting those activities such restriction should not be made in those departments which are intended to serve the material prosperity of the country.

Then the second line of action the Honourable the Finance Member has taken is the cut in salaries. Here, I must make one observation. H. E. the Viceroy has set the noble example of imposing upon himself a voluntary cut of 20 per cent. and the thanks of this House are due to him for having so nobly responded at this time of emergency. The Executive Councillors have however imposed upon themselves only a 15 per cent. cut on a graduated scale and 10 per cent. on their immediate subordinates of the superior services. But when it comes to the question of dealing with the lower subordinate ranks of the services, the Honourable the Finance Member says that, after examining every possible form of graduated scales, he has come to the conclusion that a uniform scale of 10 per cent would be good for the subordinate services. In other words, Sir, we have graduated cuts from H. E. the Viceroy down to the highest services, but we have got a uniform cut for all the lower subordinates; and then the Honourable the Finance Member says that the reason why he wanted a uniform cut is that that is wanted on financial grounds. It amounts to this, Sir. As the poor people are many, if we touch their pockets they will yield a greater amount, they being so numerous, whereas the higher officers are a few and if you touch their pockets you won't get much. That is the justification for imposing unequal burdens on the different services. The principle of these cuts, particularly in an emergency like this, should be that everyone should bear a proportionate burden. This is not followed. Equality of sacrifice is the principle on which the cuts should be based, and that being so, how can it be justified that a poor man drawing Rs. 40 a month should forego

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Rs. 4, whereas a Secretary to Government drawing Rs. 3,000 or Rs. 3,500 is only expected to forego about Rs. 300 and odd? Does the four rupees in the salary of the lower-paid officer represent the same amount of sacrifice as the Rs. 300 in the case of officers of the higher grades? Sir, for the want of four rupees, a poor clerk may have to forego a necessity, whereas the loss of Rs. 300 in the case of the higher officers will only mean their being compelled to forego one of their luxuries. Therefore, Sir, it is not possible to accept this uniform cut for the lower subordinates. There should be a graduation in proportion to the ability of the men to pay; and in so far as that is concerned, I am strongly of the opinion that we should follow the example of Australia, which has imposed cuts varying from one per cent. to 15 per cent. on a graduated scale. (*An Honourable Member*: "Down to one per cent?") Yes. When other Governments are doing their best to see that the hardships entailed by the cuts do not fall upon people disproportionately, I do not see why the Government of India should not follow the same example.

With regard to taxation—which is the third line of action which the Honourable the Finance Member has proposed to take—I must say that this taxation is coming after only the recent taxation imposed by the last Finance Bill, and all the arguments we could possibly advance now have already been advanced at the time of the last Finance Bill to show clearly that the country is not prepared to accept any further taxation. Take for instance the income-tax. Every argument that was advanced against the increased income-tax was in vain, because the views of the Opposition and of the House on that matter were not given effect to even on the last occasion and now the exemption limit is lowered even. We may once more lodge an emphatic protest. Further, the Honourable the Finance Member says that this income-tax is to be included in the cuts in salaries of the higher officials. I shall record my emphatic protest against this discrimination. This is not a fair way of dealing with it even, objectionable as the proposals are.

The Honourable the Finance Member in answer to an argument put
 1 P.M. by the public over this question suggested that the higher officials have been already paying increased taxation and bearing other burdens, so that it is not fair that they should be asked to pay more. But that is not the way of looking at it. Here is a tax which is imposed upon the whole country. Why should there be a discrimination in favour of Government officials? Why should the Government officials escape a burden which the whole country is expected to bear? If the Honourable the Finance Member says that you cannot impose very many burdens on one class of persons, I would ask him if he wants to adopt the line of argument that there should be no cumulative effect of these taxes upon individuals. If that were so, there must be several persons, particularly among the richer and middle classes and professional men, who have been paying taxes under different heads, and if we take the cumulative effect of all these taxes into consideration would the Government lighten their burden in the same way they want to lighten the burdens of the superior services?

With reference to the customs revenue, I would only like to make one observation. If this country is deprived of imports and thus enabled to give an impetus to local production, we would be glad. Any imposition of taxes on imports which would enable us to benefit by a stimulation of

indigenous products and industries we would be glad of. But there are several imports which cannot be produced locally and which we have of necessity to import, and if these imports are taxed, and that at a time when the purchasing power of the consumer is low and when there is much economic distress, it would be difficult to bear. The consumer, on the other hand, will be able to purchase less hereafter, and if he purchases less, necessarily the revenue must fall and if the revenue falls, we will be faced again with deficits. I do not think that the Honourable the Finance Member is ignorant of the operation of the law of diminishing returns. He is banking upon one thing. As there are certain imports which it is absolutely necessary for the country to have, he thinks that even if he gives an additional turn of the screw to an alarming degree, the strain will be borne by those who are obliged to purchase, though he may lose some customers, who on account of their incapacity to bear the additional burden, will not be able to purchase any more. But he hopes that by a turn of the screw he would be able to get the necessary income though he might lose a few customers. That also is not a fair way of dealing with the problem even if his calculations are accurate. Past experience shows that his anticipations in that direction were not very accurate because he has himself just reported that there has been a fall of about 10 crores under customs revenue. When this is so, how can the Finance Member expect a considerable increase this year under this item? Again we have also got to consider the effect of a possible reaction on the export trade. If we have got a monopoly of certain exports, other countries are bound to take them and we can afford to restrict our imports when we have a monopoly in the export trade. But there are very few articles in which we have a monopoly, and America has been competing seriously, and the balance of trade has fallen from 109 crores during a space of 3 years to 38 crores, and even as the Finance Member says, a balance of trade is necessary for a sound financial condition. If the balance of trade is showing deterioration, it is not right that we should build any hopes by expecting that our export trade would increase far more than the import trade and that the balance of trade will reach the high standard at which it stood before. Year after year the same kind of articles are being taxed and the result is that enormous difficulty is being felt both by the public and the trade. When Bill after Bill comes in for increasing the taxes on the same articles without even the usual gap of 12 months, it is found very difficult to adjust the retail prices, and the result is that it is impossible under these conditions to pass on the exact amount of the increase to the consumer, and, therefore, in order to be on the safe side, the merchants have been putting up the prices very high ever since the Honourable the Finance Member has introduced the Finance Bill, and the sufferings of the consumer on this account are much more than what this Bill is intended to make it.

With regard to the postal rates, I would like to deal with these a little more in detail later on when I move the cut, but I would like to observe only one thing here, and that is, that the law of diminishing returns would tell more effectively on this kind of article. It may be said that though there may be a sudden fall now in the number of postal cards and covers used, in the course of a few years it would again reach its former level. But as this is an emergency measure, it would not at any rate under those conditions give them the necessary funds. Secondly, they have not taken into consideration one fact. I have seen the graphs which have been supplied with annual reports, and I find there has been a steady increase in

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the use of postcards for instance by about 20 millions every year from 1919. Then we doubled the rates. The figures were, if I remember aright, about 650 millions and odd, for postcards when the rates were doubled. Immediately after the rates were raised it fell down to about 500 millions and then, ever since, there has again been that 20 million increase year after year. And at the present moment I think that the figures have not actually reached their former level. I think that up to 1930 they have come to about 580 millions. Now, although the Government would say that though there may be a fall now, the figures would resume their former proportion, unmindful of those yearly increases I referred to. Supposing there was no doubling of these taxes in 1921-22. We could have expected that the gradual increase which we were having up to 1922 would have gone on up to now and to-day we would have had the use of about 800 million postcards, whereas, after we have doubled the taxes, instead of going up to 800 millions it has fallen first to about 500 millions and all these years did not enable the figure to reach even 600 millions. The result is, if I take that calculation, there is really a fall which was never made good and therefore if you impose further increases in the rates, there would not be any appreciable gain to the revenues to justify such an imposition. It is very surprising that the Government should, in trying to reconsider this matter now, have considered it from the wrong end. Instead of giving relief to the poor man's postcard, they have given relief to the rich man's cover. I shall deal with this a little later when I move the cut in detail. At the present moment, I should like to say, Sir, that one of the predecessors of the Honourable the Finance Member remarked :

"The post office was so potent an engine of civilisation that no Government would be justified in allowing fiscal considerations to stand in the way of such improvement."

Nevertheless, Sir, fiscal considerations are always held out and that without any real justification. With these few words, I conclude.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

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

Mr. N. M. Dumasia (Bombay City: Non-Muhammadan Urban): Mr. President, the Honourable the Finance Member proclaimed yesterday that, "Government wanted the world to know that India was determined to live within her income, to meet all her debts, and to maintain financial stability." I hope I will be pardoned when I say that this is not the correct description of the present crisis. In my opinion the Government have resolved to continue to live on a policy of blunder and legalised plunder by taxing the people out of existence. If the wealth of the country were multiplied by increasing the productive capacity of the soil, by making its industry and commerce flourish; if Government adjusted its expenditure to existing sources of revenue, then alone the assertion made by the Finance Member would have been justified. But here the existing resources are found insufficient to pay the way of services and the Indian

Government are not living within their income. All increases in taxation are absorbed in existing expenditure. If India is determined to live within her income, then the expenditure should be brought down to the level of income. We do not find anywhere any indication of that. If the additional taxation is absorbed in expenditure, how are we to meet all debts which are now piling up with ruinous rates of interest? And if debts are being piled up, how is financial stability to be maintained? The Finance Member asked us to face the reality. May I say that the remark should be applied to the Government itself? Have Government faced the reality? I think not. The grim reality is that he was cynical in his taunt to his critics about the crushing burden, forgetting the taxable capacity of the over-burdened tax-payer. The homily that he delivered to his critics can well be applied to the Government. I will, however, accept his advice and will not call this "crushing burden" by its true name. I will put it in another way.

In March last the Government placed upon the country a fresh and exceptionally heavy burden of taxation and promised to remove it as soon as the financial situation improved. The financial situation has got worse; and while the country is still reeling under the stunning and staggering blow and has scarcely emerged from its effects, the Government have dealt a knock-out blow to His Majesty's loyal Indian subjects. Low wages, high rates of interest, scarcity of capital, lack of confidence and loss of credit, political upheaval and world depression and loss of employment, lack of purchasing power and economic distress do not complete the picture of misery. Indian industry is crippled and trade and commerce are paralysed and they will suffer further by additional taxation on the importation of machinery and raw materials. The speeches that we heard yesterday and today were not barren of constructive suggestions, but those speakers have had the misfortune of not possessing the knowledge and superior wisdom which seem to be monopolised by the learned Pandits on the Treasury Bench.

The Honourable the Finance Member has justified this extraordinary taxation which would have been considered abnormally high even in war time, on the ground of emergency. Here I beg to request the Finance Member to face the reality to which he is fond of directing the attention of his critics. Emergency arising in a time of crisis can only be met by a national Government. Have we got a national Government? Is this crisis national? We have no control over the purse; we have no voice in army expenditure which has gone up by 100 per cent. since 1914, while the expenditure on armies in other countries has gone up from 30 to 50 per cent., as Mr. Chetty has just shown in his able and clear speech. We have not got a national Government, but we have got an irresponsible, irresponsive and irremovable executive with its powers of certification and veto, and therefore it can govern without the consent of the people. The present position of the bankruptcy of India has been brought about by a reckless growth of expenditure in the past. If Government faced reality, they would find that when the taxpayer wanted a piece of loaf, Government gave them a stone. We can do without cheese with our bread in this time of stringency and all-round cuts in our income, but millions of people do not get even sufficient bread to fill their hungry mouths and empty stomachs. If there were a national Government, controlling and directing national revenue and national expenditure, if it were reflecting the mind of the nation, if its services were manned by and were under the control

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of the national Government, then it would have been reasonable to ask for national sacrifice such as is demanded today. The demand now is only to meet the day to day requirements of the services. We see today the break-down of the bureaucratic machinery under the pressure of a top-heavy administration. Had the present proposals come from our national Government, it would have met the fate which the Labour Government and Labour Party recently met with in England. The Finance Member voiced a grave warning about the danger of further economies in the army. I realise the danger, but the danger and difficulty have to be faced and overcome, for there is greater danger in driving the present discontent underground, and turning the masses against the Government to whom all their misfortunes will be rightly or wrongly attributed. A contented India will defend the country with a small army. The army expenditure ought to be brought down to the pre-war level at any cost.

I understand the Finance Department have submitted memoranda to the Secretary of State for the guidance of the Round Table Conference and that two specimen budgets have been attached for purposes of illustration. If the Members of the Assembly were supplied with those memoranda, we would have been better able to judge the present and future position of the Indian Government's finances, and what will be our position when Burma is separated from India. In the first memorandum there appears to be a remark to the effect that, according to present indications, it would appear prudent to make provision for a permanent fall in revenue, and it will be for the Government of India to devise permanent measures for meeting it, to adjust its present expenditure to the probable future level of the existing sources of taxation which, according to their opinion, is to form the mainstay of federal revenue. It is for the Government to adjust their expenditure to existing sources of revenue, as indicated in the memorandum, and not to put this burden, which seems to be permanent, on the already over-burdened tax-payer. Though the Finance Department note states that the two specimen budgets they have attached to their memorandum by way of illustration, have nothing to do with the forthcoming constitutional change, nor has it any special connection with the idea of federation, we must be pardoned if we assume that the present proposals are meant not to strain the federal finance from the start, which would prevent the Indian States from willingly joining it. In the same note it is remarked that,—

“The Federal authority will succeed to the whole of the buildings and public works of all kinds which are at present the property of the Government of India. The replacement value of these is of course an enormous sum. The greater part of them has been constructed out of the revenue. Instead of financing such works from revenue resources, the Government of India would have been justified in the past, following the practice of other countries and even according to the practice pursued generally by Provincial Governments in India, in financing works from even funds and correspondingly increasing the revenue available for accumulation in revenue reserves”. (This is their own admission.) “From such revenue reserves Government could have met subsequent revenue deficits which were in fact met by borrowings and which have therefore gone to swell the margin of uncovered debts”.

Why do not Government borrow on those enormous assets, built up from the revenue which it was their duty to conserve for stringent times to meet what the Honourable the Finance Member calls a national emergency? Why is it proposed to hand over the enormous assets to the Federal Government? Why not borrow against that asset to meet the emergency?

There is an indication in that memorandum that certain claims of the Indian States will have to be settled and that the dispute with the maritime States of Kathiawar and Gujerat, especially of Jamnagar and Baroda, will have to be settled independently of the Round Table Conference. The Government of India have received more than three crores of rupees, and I wonder how and when the claims of Jamnagar and Baroda are to be settled. If there is no provision, I am afraid there will be a further deficit when the claims of these maritime States are adjusted. Already the Indian States which had hitherto remained silent are clamouring for a share in the customs revenue. It seems that Government have entered upon a policy of drastic and indiscriminate tariffs, and it will introduce a new complication in the relations of the States with British India. It is further stated in the memorandum that the claims of certain Indian States will have to be spread over, as the immediate settlement would make the start of the federal constitution difficult from the financial point of view. Why are we not told what those claims are and how they are to be met? Are they to be met by further taxation or from the present proposed taxation? Then, Sir, the Prime Minister of England has more than once affirmed that the Government of England would give every help to maintain India's credit. Where is that help and what is the nature of that help? I hope the Government of India will enlighten us on these two important points.

Then, Sir, in March last I pointed out that a large part of the Army in India had been reserved to maintain the supremacy of the British power in the East and many responsible statesmen have urged in the past that the cost of the military reserve should be debited to England. Sir, it is the duty of the Government to press this claim upon the Home Government to defray a part of the military expenditure.

Then, Sir, we know that this emergency has arisen on account of Government's reckless expenditure in the past. Time after time grave warnings were given to Government to reduce the expenditure, but they always turned a deaf ear to all our entreaties and appeals, and today the crisis with which we are faced is due to Government failing to pay any heed to our appeals to reduce the expenditure. Sir, as I pointed out in my speech in March last, the country is no longer able to bear any further burden which is in excess of that levied during the last war to enable England to win it. Such a burden can only be justified by imperative national emergency or in a time of great calamity, or when it is necessary for a national purpose, for national development and progress of the moral and material welfare of the people. Can it be, I ask, in all honesty said that these new taxation proposals are conceived in national interests or that the additional revenue is to be spent for the benefit of the people? Sir, as I have pointed out, additional taxation will not restore the stability of the country. It is not to the credit of the Government to maintain stability by over-taxing the people. The credit of the Government will lie in making the people happy and contented. We are all ready to make adequate and reasonable sacrifices, but it is for the Government to become reasonable and bring the army expenditure to pre-war level.

Sir, when I entered this Hall, I was given a leaflet which contains Resolutions from the All-India Government Employees' Federation. They ask for a graduated scale of reduction instead of imposing a uniform cut in their salaries. The speech of the Honourable the Finance Member, to which we listened yesterday, is a cruel reminder of the fact that poor

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people have no friends in this world. Last year my friend Mr. Mody pointed out certain directions in which taxation should be levied. At present rich landlords escape the income-tax and I hold in my hand an extract from the Layton Committee's Report but I would not refer to it today

Mr. T. N. Ramakrishna Reddi (Madras ceded districts and Chittoor: Non-Muhammadan Rural): But what about the agriculturists?

Mr. N. M. Dumasia: I am not talking of agriculturists or of people with small incomes. I have my sympathy for the small landholders, but there are wealthy people who should be brought under this taxation. I hope Government will consider that it is in their own interest to see that they do not drive people to extreme courses. We all know the genesis of the no-tax campaign. The duty of the Government is to pacify the people. I can only say that these proposals conceived with the best motive will only invite Bolshevism in India which it is our earnest prayer that Government should do everything in their power to avert.

Dr. B. D. Dalal (Nominated Non-Official): Mr. President, in intervening in the general discussion of the Supplementary Finance Bill my justification is that I desire to call the attention of this Honourable House to one or two important points. I think the House should be deeply grateful to the Honourable the Finance Member for his frank, fair, and honest account of the financial position of the country. I consider that the Finance Bill is rightly conceived, that it is adequate to meet the needs of the country, and that it is certain to maintain and to preserve the credit of the country. I confess that the proposals made by the Finance Member are admittedly drastic and disagreeable, and there is no doubt that increased taxation will operate so harshly that it will involve much misery, but the proposals are justified only by the regrettable necessity urged upon the country by the present financial crisis. The Honourable the Finance Member has tried as best he could to spread the burden of the sacrifices as evenly and as fairly as human ingenuity can devise, and I hope that those who are affected by retrenchment or by increased taxation will show sufficient public spirit to make the sacrifices demanded, and sufficient intelligence to perceive that refusal will exact from them and from the whole country sacrifices infinitely greater, and I trust that consciously or unconsciously Honourable Members will not make appreciation of this situation more difficult. Sir, it is no pleasure for the Honourable the Finance Member to call upon people to make sacrifices or to bear additional burdens, but since the events of the last few weeks have shown beyond any shadow of doubt that a grave financial emergency exists, we must be determined to bear them, if not with enthusiasm, at any rate with cheerfulness in our hour of need.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): From where to bring the money to pay these taxes?

Dr. B. D. Dalal: It has been said that when the proposals of lowering the exemption limit of income-tax become widely known, there would be an indignant revolt and ruffle on the part of those affected, but I think the Finance Member has made an honest endeavour to spread the burden of the sacrifices more justly and to bring home to a large portion of the

population some real sense of financial responsibility. Sir, I submit, *that* in itself is a constructive measure which may bear good fruit in the future.

Now, Sir, there is one thing vitally affecting the health of the country to which I want to call the attention of the House; and what I have to say is the outcome of deep conviction as a devoted servant of India and as a medical man with wide experience of medical and public health matters and as a technical expert who has had an intimate acquaintance with the working of medical and public health departments. I was painfully surprised to learn that the General Purposes Sub-Committee of the Central Retrenchment Advisory Committee had recommended the abolition of the posts of Director-General of the Indian Medical Service and Public Health Commissioner with the Government of India, and on the 29th September when the Finance Member in his grave speech said, "We are determined to approach all proposals of the Retrenchment Committee with the firm intention of giving effect to them", my amazement knew no bounds. But a study of the Government Memorandum on the recommendations made by the Retrenchment Committee on the medical services shows that the Government have decided not to accept these recommendations, and it was a great relief to me

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Does the Honourable Member know that they are provincial transferred subjects?

Dr. R. D. Dalal: Sir, I congratulate the Government on their wise decision. I congratulate the Honourable the Finance Member also because it shows that he is keen not only on the financial health of the country but also on the physical well-being of the country. A study of the Government Memorandum issued yesterday shows that in view of the grave financial crisis without any retrenchment committees the Director-General of the Indian Medical Service himself has effected substantial retrenchments so much so that there will be a saving of 50 per cent., and as retrenched the cost of the Central Medical and Public Health Organisation will come to Rs. 5,54,500. As the abolition of these two important posts has been recommended over and over again, I shall take this opportunity to go into details and to satisfy the House that the existence of a Central Medical and Public Health Organisation is of great importance to the country. Sir, I have nothing but praise, appreciation, admiration, and approbation for the arduous work of the Retrenchment Committees, but to think that the present financial crisis requires the abolition of the posts of Director-General of the Indian Medical Service and the Public Health Commissioner with the Government of India is to live in a fool's paradise. I shall prove to the House that such a recommendation is sheer arrant nonsense.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhamadan Rural): On a point of order, Sir. Are we discussing the Retrenchment Committee's Report, or are we discussing the Finance Bill?

Mr. President: We are discussing the question of retrenchment as affecting the increased taxation proposed and every speech that has been so far made has dealt with retrenchment. The Honourable Member is quite in order.

Dr. R. D. Dalal: Let me at once assure the House that these appointments cannot be abolished without serious detriment to public interests, and as regards medical and public health matters which deal with life and health, it is essential that we should not fall below the standard which obtains in other civilised countries. Retrenchment is of course the chief need of the moment, but the step recommended by the Retrenchment Committee is a most retrograde step which no civilised country in the world has ever attempted. The Retrenchment Committee itself acknowledges that the Government of India will continue to need the services of two medical officers of sufficient standing and experience to advise the Government of India on the medical administration of the central areas and to guide them on all matters of medical policy and public health. Sir, I submit that these two medical officers must be technical experts; but before a man can be considered an expert, he must make Medicine or Public Health a life study. The proposals of the Retrenchment Committee aim at effecting economy by scrapping an organisation which has been built up during the last fifty years for carrying out the obligations of the Government of India as regards Medicine and Public Health—an organisation which as retrenched I will show will cost nothing to Government. I said the Director-General has brought down the cost to Rs. 5,54,500, but the saving effected by the central administration of the Medical Stores Department is more than that sum, therefore the Central Medical and Public Health Organisation will cost nothing to Government, and it would be a great mistake—a blunder worse than crime to scrap this Central Organisation.

Sir, the Medical Services are quite different from other services in that the Medical Services have Civil and Military Branches. The Medical Services have a large personnel

Mr. President: I should like to interrupt the Honourable Member to point out whether it is right that he should go so elaborately into such details especially in view of the statement which he has himself made that the Government of India have disallowed the recommendation of the Retrenchment Committee and are continuing these appointments. In view of that statement I should like to ask whether it is right that he should go so elaborately into the merits of appointments in one department which have no direct bearing on the issues before the House?

Dr. R. D. Dalal: My contention is this. Here in the Central Government as well as in the Provinces they are always talking about the abolition of the posts of Director-General, Director of Public Health, Surgeon-General, and so on, and unless I go into all the details of the question, the House will not be convinced.

Mr. President: The question is whether this is the appropriate occasion for it. The Honourable Member can give notice of a Resolution asking the Government to lay down a specific policy. At present we are considering the Finance Bill. This is not the occasion when the Honourable Member can go into the justification of one or two specific appointments in the Government of India.

Dr. R. D. Dalal: I bow to your ruling, Sir, and I shall not go into details. Sir, what I have to say I shall say without going into details. When we remember the conditions under which Indian Medical Service Officers are recruited, when we remember that Officers of the Indian Medical Service have prospects of getting civil medical appointments and

especially such posts as those of Director-General, Indian Medical Service and Public Health Commissioner, I submit that these appointments cannot be abolished with one stroke of the pen without a reference to the Secretary of State who has guaranteed certain rights and safeguards to members of His Majesty's Indian Medical Service. My contention is that the Retrenchment Committee being a lay committee should not have made this recommendation.

Mr. B. Das: On a point of order. Can the Retrenchment Committee be called a lay committee when it was appointed by this House and has it not got the right to reduce any posts if it thinks necessary to do so?

Mr. President: It is perfectly open to Honourable Members to criticise the recommendations of any Committee which they may have appointed. There is nothing to prevent Honourable Members doing so.

Mr. B. Das: I object to the words "lay committee".

Dr. R. D. Dalal: Lay committee means one that does not contain technical experts. Sir, parsimony in providing what is essential to secure the highest attainable standard of health for the community is not economy but essential extravagance, for it wastes life and health—two of the most precious assets of mankind. It would be a most retrograde and dangerous policy to abolish such posts as those of the Director-General of the Indian Medical Service and the Public Health Commissioner with the Government of India, for the health and physique of the individual and the community is the principal asset of the people, and the impairment of the physique of the human body is the impairment of intellectual and moral fibre. As these recommendations always emanate from a lay source, I respectfully suggest that at an opportune time Government should appoint a committee of independent impartial technical experts, who should make a thorough investigation, examination, and re-examination of the proposals of the Retrenchment Committee, and who should draw up a scheme for a Medical Service suitable to the needs of the New India, for the political future of India is now in the melting pot; and I am strongly of opinion that no changes should be made in the Medical Services until such time as the future constitution of India is settled.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): I understand that at this stage there will be only a general discussion of the Finance Bill. The Honourable the Finance Member when speaking yesterday gave us numerous figures, counter figures, tables, memoranda and what not. Unfortunately that speech is not available to us, and consequently it is impossible for us to deal with it in an efficient and satisfactory manner in order to convince him that we on this side, laymen or experts, at least try to be honest and fair in our criticism. A suggestion was made by my friend, Mr. Das, yesterday that the speech might be made available to us so that the rest of the debate might at least continue after a full understanding of the bearings of the entire speech from beginning to end. Unfortunately that suggestion has not been taken note of.

The Honourable Sir George Schuster (Finance Member): May I inform the Honourable Member that I shall be glad to give him a copy of the speech if he wants to read it. I may say that a complete *verbatim* reprint of it appeared in the *Statesman* of this morning.

Mr. Amar Nath Dutt: We do not read that paper.

Raja Bahadur G. Krishnamachariar: I read the *Statesman*, but unfortunately my copy did not come and consequently I did not get the entire text of his speech, and even if I did, I do not profess to be an expert to understand these things in two hours and come here and fire off a speech which would not be open to the criticism that it was neither fair nor honest. My complaint is not unfounded. If you will refer to the speech of Mr. Mudaliar on the last occasion when the Budget was introduced last March, he pointed out with some elaborateness that the one crore 75 lakhs or one crore 45 lakhs retrenchment in the Military Department was an absolute camouflage. It was not retrenchment but only a shuffling of figures from one place to another. It was putting off expenditure from one time to another, and consequently it was not retrenchment in the sense that it was available for purposes of general revenue. Now, Sir, not being an expert and having taken to this thing late in life, it is not possible for me to understand these things at a moment's notice. If it is a question of law, I challenge anybody to come and have it out with me. I do not require any preparation for that, but finance is rather a difficult job, and I do not want to commit myself to any statement which may be open to criticism. The reason for these prefatory remarks is that my criticism can only be general and perhaps destructive. Yesterday my friend, Mr. Das, was somewhat afraid to level destructive criticism, and although he did a service in pointing out certain heads of taxation, I do not see any reason why we should fight shy of destructive criticism. Our business is not to make any counter proposals. I have read with some care the speeches of very eminent men in the House of Commons, and I do not see that they get up and say you do this or you do that. They simply criticise, and destructive criticism, although it has got an offensive smell around it, is really the very best service that you can render. You make your proposals from one standpoint. You do not see the other side of the picture. We always look at the other side of the picture. Every lawyer knows how to tackle the other side of the picture, and when we level destructive criticism you ought to be thankful to us. But, Sir, it is not that we have not made any constructive suggestions all these years. I have read the speeches of the late Mr. Gokhale. I remember to have read the speeches of a great many eminent men who have been in this Assembly. From that time to now, has a single suggestion made in a constructive manner ever been accepted by the Government? Now, take this very retrenchment question. Now, the Finance Member takes credit for the position that he has reduced the military expenditure by 10 crores. What is now possible to do was certainly possible many years ago, as I very respectfully submit. Everybody was tired of the war, everybody had the war fatigue, and therefore that was the time when you could have very easily and quietly retrenched. But you never did that. One previous Commander-in-Chief said: "If you do that, India is going to be lost". Perhaps my friend, the then Commander-in-Chief, did not remember what Lord Kitchener telegraphed to Lord Hardinge when the war began when they were in trouble and Lord Hardinge hesitated to send troops from India. He said: "Lose India but do not lose the Marne". Well, the skies never fell, and they are not going to fall till eternity, till the Almighty ordains it. If you had only retrenched 10 crores or even 5 then, it would have amounted to 50 crores by now; and my Honourable friend, Mr. Chetty, would not have had to deliver that detailed speech, and my Honourable friend, Mr. Das, would not have had to go to the pains of suggesting Rs. 28,854,000-4-0 of extra taxation by

other means. These 50 crores would have quite sufficed; and except for the cut in salaries, I very respectfully submit you could, if you had the mind, do without the fresh taxation proposals, provided you make an honest endeavour to retrench in every Department. That is the constructive suggestion we make; our predecessors also sitting in these places made those suggestions; but did the Government listen to them ever? Now there was Mr. Dalal on a committee appointed by yourself, and he wrote a very wise minute of dissent, but the Government went against it. He protested against the adoption of 2s. 4d. for the sale of reverse councils, but its adoption meant a loss to India of 50 crores. Did you listen to that constructive proposal of Mr. Dalal's? Then we wanted a reduction in the Army expenditure, and a scheme was proposed by the Skeen Committee. Where is the scheme now? Where is the other report by the Military Requirements Committee, which unfortunately I have got to say was suppressed until some day somebody brought it out at the Round Table Conference. Otherwise it would never have seen the light of day. Did you honestly try to implement that report? Therefore, it does not lie in your mouth now to say to us constantly that we indulge only in destructive criticism, that we never put forward constructive suggestions. Whenever we put forward such suggestions, we are told either that we are laymen or agitators or men with axes to grind. Our constructive proposals are all swept away, and I am not such a fool as to waste my time going on making constructive proposals only to be told by Government that my constructive proposals are impracticable and so forth. We have got better things to do. We have come all the way from near Cape Comorin surely not to be told that we do not take the trouble to put forward constructive suggestions. We make hobbies of some of these subjects and we make considered suggestions, but we are told that we are not making constructive suggestions; at the same time when we do make such constructive suggestions, they are all swept overboard. But, Sir, I do not blame anybody. It is the official mind which is to blame. I myself had a bit of official experience, but unfortunately or perhaps fortunately it came towards the end of my life. An ordinary man, however democratic he may be, once he gets into an official seat, assumes what John Stuart Mill called the "infallible temperament". There is the assumption of infallibility. However reasonable, however ready one may otherwise be to accept a particular position, once he is in the official chair, he becomes imperious; probably he is obsessed by the policy he is expected to pursue, since, as long as you are a Government servant, you are not to put forward your own ideas as against that policy. One suffers from that mental disability of assuming that there is no wisdom outside the official mind. Now once you make him get down from his official chair, he finds to his surprise that after all he was not such a wise man in his capacity as an official. That, Sir, is the position; but over and above all this, when we waste our own time, when we make constructive proposal after constructive proposal, not only are we told that all this is destructive criticism, that we are mere laymen and so on and so forth, but then comes the Right Honourable the Secretary of State for India who is 6,000 miles away; well, he was complimented by my Honourable friend, Sir Akbar Hydari, and his compliment consisted in this that he and his wife flew in an aeroplane from England to India, as if it was a great service rendered to India. Now that Secretary of State, when England went off the gold standard, what did he do? Probably to placate the financiers of London—I do not want to suggest any motives, I do not

[Raja Bahadur G. Krishnamachariar.]

understand these things, and I do not want to put forward random allegations (but it does not appear certainly for very straightforward reasons)—he sent an ukase, “You are now going to tack your rupee to sterling”. Therefore, it is no good at all the non-official people making any constructive suggestions to the best of their ability, because you do not seem really honestly and straightforwardly to implement our suggestions, though I admit that you are perfectly at liberty to shape them as you think best according to your lights and information and thus act the part of the divinity which shapes our ends, rough hew them how we will. The Honourable the Finance Member in paragraph 15 of his Budget speech had said:

“If you do not agree to all the proposals I am making in my Finance Bill, it might in effect mean that India, on the date that she will be inaugurating her new constitution, will find herself instead struggling desperately for existence in a morass of economic trouble.”

Is this the way we are to enter that promised land? I do not quite understand the figures he gave us, but I am asking whether the 19 crores deficit is over and above the 13 crores that we were asked to agree to in the last financial statement. Sir, I may not put forward any constructive proposal, but surely any person who understands the work, and who cannot find out that there is going to be a deficit of 32 crores out of a total estimated sum of Rs. 130 or 140 crores has not got the right to turn round and say, “Your suggestion is not good, but my suggestion is good”. Time after time we told you that the crisis was coming. It is not now. We started saying it from the old Imperial Legislative Council. Nobody listened to us. As long as we paid the taxes, everybody said, “India is very nice; there is no difficulty about India at all. These few fellows simply shout for their own ends. But look at the great cattle chewing the cud underneath the big oak tree. They do not make any noise”. But you are depending too much upon it. Gandhiji’s civil disobedience movement taught you a lesson. Neither Gandhiji nor anybody else even more influential than he can ever manufacture a grievance as long as the people do not feel it, and the greatest and the wisest and perhaps the meanest of mankind has said 400 years ago, “If there is sedition, remove its cause.” The civil disobedience movement ought to be an eye opener to you, for people in the villages, you will be surprised to hear, who never interested themselves in these things, who worshipped Government as God the Almighty, and whose only idea of Government is the village policeman,—they all mustered strong in this movement quite ready to go to jail. When the Collector went into camp in a place called Vedaranyam, I believe he told them to go away and do their work and not to act foolishly thereafter. That is the spirit that has come on the people already. The depression in agriculture is so much that it is impossible for us to pay any tax if the seasons do not improve. Somebody talked about the no-tax campaign. I should like the Government to wait for another three or four months, and if the seasons do not improve—I am not threatening them; I am not frightening them; I am not talking without authority—well, God alone protect the ryot. I myself own a large extent of land. Sir, hundreds of thousands of acres to-day are drying up without water after having been ploughed. Do you know what that means in agriculture? That is the position in the country, and you are putting a surcharge of 25 per cent. on all taxes sitting here. Delhi is

perhaps not so hot as other parts of India, and sitting here and cooling your feet, you are thinking that because you can realise this money, because somehow or other this money will come, there is plenty of money in the land, that you can realise the taxes and that no trouble will come. I warn you against that idea as a man who comes from the villages, as a man who represents rural interests, as a man who is himself living on land. I say that these taxes can never be borne by the people. If you want to rid yourself of the trouble which you yourself have created, for God's sake, for Heaven's sake, for the sake of those very people for whom you say you feel the greatest interest, find out some other way by which you can relieve this burden and you can go on. And now, at this point, what I cannot understand is this. It has been raised by two or three Honourable gentlemen. I hope the Honourable the Finance Member will at least give attention to it. Why should you make a forecast for 18 months, I cannot understand. You did not know what was going to happen in September when you were passing the Finance Bill in March last, and here we are with 19 crores deficit. Can anybody, even the Honourable the Finance Minister, say there was not going to be further trouble which would increase the deficit to 30 crores in March next? What are you going to do then? I do not understand the reason, nor has any been assigned, why 18 months' forecast should be made. Probably there is some way by which the trouble that they are now faced with could be readjusted by taking into account the next year also. I cannot say.

Coming to details, I do not want to take up much of the time of the House, but I say that I oppose every item of the most important items of taxation. I do not want to go into the full details because I hope there will be occasion for me to do so when the details of the Finance Bill are being considered. I oppose these items because the trouble that Government is faced with is not my creation. At one time I had to suffer a great deal because I went into the Government lobby on a cut of a lakh of rupees which the Nationalist Party moved in connection with the last Budget. They said to me, "You went and voted with the Government", as though it were a bad thing to support Government even when they are right. At that time I was obsessed with the idea that, after all these people must carry on the Government and you must supply grist to their mill. But you are going to create a bitter position your-self. You are adding to the burden already unbearable. There is a limit to suffering and that limit has been reached. It is impossible for us out in the country to pay any of these taxes. I know that in the end they will say "We have collected the taxes; you said you cannot pay the taxes". That is only a temporary relief. You saw what trouble they gave you over this little bit of civil disobedience movement. When there is a bigger trouble in consequence of these increased taxes, at that time you will think that, after all Krishnamachari spoke something which ought to have been realised at the time. I would very strongly oppose especially the salt tax, the income-tax, the postal rates and the tax on cotton.

With these few words, Sir, and thanking you for the courtesy of giving me an opportunity to speak, I close my remarks.

Khan Bahadur Haji Wajihuddin (Cities of the United Provinces: Muhammadan Urban): Sir, though the supplementary Budget introduced by the Honourable the Finance Member has been received with the greatest disappointment throughout the country, I must however admit on the

[Khan Bahadur Haji Wajihuddin.]

floor of this House that my esteemed friend, Sir George Schuster, has made a heroic effort to balance the Budget. He is no doubt perfectly right to expect a deficit of 19 crores 55 lakhs at the end of the current financial year and a further deficit of 19½ crores in the next financial year. Both these deficits amount to about 39 crores and are to be made up within the next 16 months. My Honourable and esteemed friend has therefore proposed increased taxation on a wholesale scale and if he succeeds in his expectations he will find himself in possession of a surplus of 5 crores and 23 lakhs. But, Sir, I doubt very much to what extent my Honourable friend the Finance Minister's calculation will be realized. My Honourable friend will remember he had estimated certain receipts after enhancing taxes only in March last, and I hope my Honourable friend will excuse me for saying that his proposal of increase in taxation and estimate of certain receipts based on his own increase were adopted by the House which proved after 6 months quite unjustified. May I ask him what guarantee is there that his new expectations will be realized?

Sir, I being a business man, venture to say that taxation on a scale like that proposed by the Honourable Sir George will have a further depressing effect on Indian trade and industry and will be a serious blow to the traders throughout the country and will not bring the revenue anticipated by the Honourable Member. I hope, Sir, every Honourable Member will agree with me that trade is very badly sick and the further burden proposed would sap its vitality and lessen its power of recovery. I could only compare the proposal to extract more money from extremely distressed commerce of this poor country with the operation of extracting blood from a stone.

I think with a view to balance the Budget the imposition of fresh burdens on the existing taxpayers and enrolment of the smallest shopkeepers, hawkers, and commission agents among the income-tax payers' list is to invite a very serious disaster.

Sir, let me say frankly that experience of the past generally and of the last 8 months especially has proved that increase in taxation no longer yields the anticipated revenue because the limit has already been reached leaving no room for further taxation upon the poverty-stricken masses of this poor country.

The increased taxation, surcharge and increase on post card as proposed are of a most drastic character affecting every article of necessity and affecting the poor man still more, perhaps, than the richer class.

I think the only remedy to solve the problem satisfactorily at this critical juncture lies in drastic cuts in the high salaries and fat allowances of the services as well as in bringing down establishment charges in all the departments. Poor India is quite unable to maintain the services on the existing scales of pay. If my Honourable friend, the Finance Member, is really anxious to hand over a sound business to his successor, my sincere advice is, that he must effect drastic cuts and bring down charges only to the extent of our revenues.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, we on this side of the House in the interests of our country are quite anxious to have a balanced Budget, but our position unfortunately is not a very envious one. We are asked on the one side not to touch salaries; we are asked not to have any say on the currency

problem. We cannot have any say on the flight of gold and other important problems connected with finance, and the only thing that we are asked to do is to touch the pockets of the people and ask them to pay the last pie which they have got, in order that the Treasury Benches, under the directions of the Secretary of State, may spend the money in their own way. The next thing to which I should like to draw the attention of Honourable Members is the novel practice of having an 18 months Budget. Could anyone, including the Honourable the Finance Member, in March last foresee what would happen in September, and can he or anyone else foresee what may or may not happen in March next? Is it desirable at all to assume the circumstances, which are changing so rapidly, 18 months ahead and make a Budget for 18 months? It would have been quite sufficient if the Honourable the Finance Member had come forward with a supplementary Finance Bill for the remaining part of the year and not dragged it on for the year 1932-33.

Sir, I shall take up a few questions of general importance as they affect the financial position of our country before I come to the question of retrenchment. The first point to which I wish to draw the attention of the Assembly is the question of exchange. It may be an accident, but it is a fact that our Budget began to be a deficit Budget from the very moment that we passed the Currency Act and fixed the ratio at 1s. 6d. As was pointed out by my Honourable friend, the Deputy President, till 1926-27 we always had a saving. In 1923-24 we had a saving of Rs. 2.39 crores; in 1924-25, 5.18 crores; in 1925-26, 3.31 crores; in 1926-27, 2.95 crores; and the moment this Currency Act began to operate, we had a deficit in 1927-28 of Rs. 2.21, and in 1928-29, a deficit of 1.05 and so on. Another important fact, which may also be called an accident, is that up to the time that we passed the Currency Act, the actual income in the Budget was always greater than the anticipated income, but since the time we fixed the exchange ratio the actual income continually fell short of the income anticipated in the Budget. In order to maintain this policy of exchange, Government had to borrow large sums of money and had to fall back upon various methods in order to manipulate this exchange. Now, during the same interval the Government have borrowed Rs. 103 crores in India and 45½ millions in England, making a total of 164 crores. During this period we have had a deficit, and in spite of the deficit, a big sum of 164 crores had been borrowed, and India had been put under the burden of this debt. Now, this money, unfortunately, as I will show later on, has not been invested in any profitable concern. The greater portion of it has been spent in a concern, which as I will show later on yields only an income of 1 per cent. We have borrowed the money at a very high rate of interest from 6 to 6½ per cent. and invested it at 1 per cent. Sir, this is really the outcome of the policy of exchange which the Honourable the Finance Member has always followed. May I remind him, in connection with this exchange question, of the resolution passed by the Brussels International Conference? It says:

"Attempts to limit fluctuations in exchange by imposing artificial control on exchange operations are futile and mischievous. In so far as they are effective they falsify the market, tend to remove natural correctives to such fluctuations and interfere with free dealings in forward exchange which are so necessary to enable traders to eliminate from their calculations a margin to cover risk of exchange, which would otherwise contribute to the rise in prices. Moreover, all Government interference with trade, including exchange, tends to impede that improvement of the economic condition of a country by which alone a healthy and stable exchange can be secured."

[Dr. Ziauddin Ahmad.]

Now, this is the resolution passed by the Brussels International Conference, and I should like to know how far our Finance Member has acted upon this resolution. Has he not manipulated exchange by issuing reverse council bills, by raising the rate of exchange and by other artificial processes? Sir, the bad habit of borrowing to which the Honourable the Finance Member has been accustomed (Laughter) has lowered the prestige of this country, and India which at one time commanded a very great credit has now been degraded into a debtor country. Our securities have depreciated and we have to pay very high rates of interest in India and in England. Sir, this exchange policy has been one of the causes of the deterioration in the prices of agricultural products. By this exchange policy we put a premium of $12\frac{1}{2}$ per cent. on them. It has increased prices in the world market, and India cannot possibly compete with this premium in the sale of her agricultural products in the world market. It is said very often that we gain by this exchange $12\frac{1}{2}$ per cent. on all our imports and we lose $12\frac{1}{2}$ per cent. on our exports; but we notice that the balance of trade has always been in our favour. Therefore India has always lost $12\frac{1}{2}$ per cent. on account of exchange in the amount which represents the balance of trade. The balance of trade during the same years has been on an average of about 50 crores a year. Therefore India has been losing about 6 crores a year on account of the exchange policy of the Government. My friend may possibly say something about the invisible balance of trade. This invisible balance of trade is always created whenever we have got the visible balance of trade.

There was some justification, though of course not an entirely correct one, to connect the rupee with gold sterling; but after England has gone off the gold standard, there is no justification whatever why India should be linked up with this paper sterling, and I maintain that the Currency Act becomes *ultra vires* because section 2 clearly says:

"For the purposes of determining the equivalent rate applicable to the sale of sterling under this section Rs. 21-3-10 shall be deemed to be equivalent to such sum in sterling as is required to purchase one tola of fine gold in London at the rate at which the Bank of England is bound by law to give sterling in exchange for gold."

Here, England is not bound by law to give this gold in exchange and therefore evidently

The Honourable Sir George Schuster: Will my Honourable friend tell me on what authority he makes that statement that the Bank of England is not bound by law to purchase gold at a certain price?

Dr. Ziauddin Ahmad: They are not bound because England has gone off the gold standard.

The Honourable Sir George Schuster: The fact that England has gone off the gold standard does not affect the liability of the Bank of England to purchase gold: that is the determining factor and that has not been altered in the least by the fact that England has gone off the gold standard.

Dr. Ziauddin Ahmad: Whatever theoretical argument may be put forward, the fact remains that before England went off the gold standard we could purchase a sovereign for Rs. 13-6; but from the moment she went off the gold standard it has not been possible to have the same gold for that amount, but the price has gone up; and any person who wants to

make a profit can always do so by purchasing what you call an export bill in terms of sterling and demanding from the Indian Government to pay it in terms of gold. This gold he can take outside India and sell it for a higher value and therefore any one who has some money can do business of this kind and get an enormous profit, and at whose cost? at the cost of the Indian tax-payer.

It was pointed out at the Simla Session that even the Hilton Young Commission, in paragraph 24 of their Report, clearly said that the rupee should not be linked to sterling if at any time England might go off the gold standard. There was honest difference of opinion whether the ratio of 1s. 6d. was more profitable than the exchange ratio of 1s. 4d. The Honourable Sir George Schuster gave a solemn undertaking in these words and I am going to ask him whether he is willing to repeat the same vow now. Quoting the words of Hippocrates he gave the plan of the oath which he made his disciples administer and he said:

"I swear by all gods and goddesses that I will, according to my power and judgment, make good this oath and covenant that I sign. I will use all ways of medical treatment that shall be for the advantage of sufferers, according to my power and judgment, and will protect them from injury and injustice. Nor will I give to any man, though I be asked to give it, any deadly drug; nor will I consent that it should be given; but purely and holily I will keep guard on my life and my art."

Then he continued:

"I would willingly accept no less binding vows."

I now ask him, is he prepared to take the same vow, that the rupee should be linked to the paper sterling at 1s. 6d. at a time when England has gone off the gold standard? . . .

Mian Muhammad Shah Nawaz (West Central Punjab: Muhammadan): The notion about gods and goddesses has changed since then!

Dr. Ziauddin Ahmad: There is one point I should like to draw attention to about the encouragement of banks. It is not the practice in any country, with the possible exception of a few, to give unlimited permission to foreign banks to carry on home business. At any rate they are compelled to prepare balance sheets of the business carried on in the country in which they have opened their business. But here in India the foreign banks have got unlimited power to carry on the business in their own way, and not only this, but the Finance Member came forward and included them in the list, which he gave us in the last session of the Assembly, as suitable banks to whom the Government of India were willing to give financial help. He patronised a large number of foreign banks and unfortunately he could not include more than two Indian banks. Now, is it at all justifiable as part of our financial policy to give this undue freedom to foreign banks to open their branches and to carry on the home business to an unlimited extent with the assistance of our money and without showing separately their balance sheet as it is always done in other countries? What is the result of this policy? The result has been this. I will just give a little quotation given by the Director of the Imperial Bank of India, Mr. Smith. He says:

"Even in the present day when representatives of many countries have invaded India"—(mark the word "invaded")—"bringing with them developed and stable systems from Europe, America and elsewhere and capturing"—(mark the word "capturing")—"the trade and business of the seaports and the more populous inland towns, the Marwari, the Multani, the Chetty, the sowcar and other Indians still carry on in the mufassal as they did one hundred years ago".

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From this it appears that this is really the settled policy of these foreign banks under the protection and patronage of our own Government to capture the whole of the banking business in India and to oust the Indians to the remote corners of the country.

The second point I should like to make is that we should make every effort to stop the flight of gold from India. The Ordinance that the Finance Member had passed on the first occasion was really the right Ordinance and it was in the interests of this country; but unfortunately he was overruled by the Secretary of State, and any person in his position should never have tolerated an interference of this kind.

Sir, at one time it was believed that the prosperity of a country depended upon the balance of trade, but the experience of the countries in middle Europe after the war has proved that this theory has practically no foundation. The currency of those countries was inflated, their purchasing power was very much diminished, and people from outside could purchase articles from those particular countries, but those countries had not got sufficient money to purchase from outside. So the balance of trade was enormously in favour of those countries, and in spite of a very heavy balance of trade in their favour, we know very well that there has been enormous misery in those countries, and this theory of "the balance of trade" is not a suitable test for judging the prosperity of a country, and the central European countries could have avoided most of their miseries to which they were subjected, had they not adhered to the theory.

The second theory which the Finance Member is trying his level best to adhere to is that the prosperity of a country and of its trade depends upon the exchange question. In the first place, I may be permitted to quote from Hansard (Gregory)—"There is only one person who knows the alchemy of exchanges, and that one man is in the lunatic asylum." So unless the Finance Member considers M. L. A. to mean a member of a lunatic asylum, he has no claim to call himself an expert

The Honourable Sir George Schuster: May I ask by what authority my Honourable friend himself claims to be speaking?

Dr. Ziauddin Ahmad: I am quoting a passage from Gregory's Exchange book

Mr. C. S. Ranga Iyer: Do you consider this House a lunatic asylum?

Dr. Ziauddin Ahmad: If any Honourable Member of the Legislative Assembly considers himself to be an expert on exchange, he has no reason to say so unless he interprets M. L. A. in this sense (Laughter). The real prosperity of a country depends upon the stability of prices. If you have stability in prices, then the exchange will look after itself; the balance of trade will look after itself. The exchange and balance of trade are both the effects, and not the causes, of disparity in prices. If you have stable prices, then everything else will follow its own course and the country be prosperous. There will be a balance of trade in favour of the country. But I ask, Sir, is it possible to have a level price by increasing taxation? My answer is no. If you go on increasing taxation, if you go on multiplying customs duties, it is impossible to maintain a level price in the country. A level price is really the one important thing which we ought to try to achieve. It is a truism, and as the Deputy

President has shown this morning an increase in taxation does not necessarily mean an increase in income. We gave the Finance Member five crores in the year 1930-31; but then when he came forward last year with his Budget he showed that there was a falling off in revenue in certain directions and he demanded additional taxation to the extent of 15 crores. We gave him 15 crores, but again he says that there has been a falling off in the revenue. We have seen that increased taxation does not necessarily mean increased income or revenue. There are two kinds of commodities called "elastic" and "inelastic". An "inelastic" commodity is one which every one must use and for which there exists no cheaper substitute. In regard to inelastic articles, increased taxation means increased income. Salt is an example of an inelastic commodity. If you increase the duty on salt it will mean increased income. Of course, we may not support the salt duty for political and other considerations, because it is really a burden on the poor people, and it is not at all right that salt should be taxed, but at any rate increase of duty on this commodity will mean increased income. But there are other commodities called "inelastic", in which increased duty does not necessarily mean increased income. For example take motor cars. There are some persons who will always buy motor cars, while there are others who will never buy motor cars. But there are some who are just on the border line who will buy a car if the purchase price and the cost of maintenance comes within certain limits, and if it passes their limit, then they will forego the pleasure of a motor car. This limit is the point beyond which we have the law of "diminishing return". Increased taxation will not mean additional income because the customs duties on this commodity will be diminished as there will be a less number of cars imported. Therefore these are called inelastic articles, and all those commodities which have a cheap substitute or without which we can go on are all called "elastic". Increased taxation beyond this limit would not necessarily mean increased income. A scientific investigation to determine the limiting point of each commodity was never made. The Finance Member keeps the whole thing to himself, and on the 28th of February he comes forward with a bomb shell in the Assembly Chamber and asserts that such and such articles should be taxed, and I do not think that he ever took sufficient precautions to see whether by imposing additional taxation on certain articles he could expect additional income.

I shall give some illustrations to prove that increased taxation does not mean increased income. First I take the export duty. An increase in the export duty does not necessarily mean an increased income. My friend, Mr. B. Das, by opening the book on the "Review of the Trade of India" saw on a certain page some figures, on the export of hides and skins and he concluded that if we put up the duty from say 5 per cent. to 15 or 20 per cent., it would yield so much more income. He calculated the increase by single arithmetic. But he entirely forgot that it has already been overtaxed, and by increasing the cess on hides and skins the trade will practically be killed. (*An Honourable Member*: "It is already killed".) I may be excused if I go a little more in detail into this particular question as it is often contested by persons who are interested in tanning industry in Southern India. This particular trade has been taxed twice over. In the first place, we have levied a premium of 12½ per cent. on account of the exchange, and we levy a cess of 5 per cent. on export, that is, a duty of 17½ per cent. on the whole. With what result? Before the war the number of cow hides which we

[Dr. Ziauddin Ahmad:]

exported was 7,952,000. In the year 1928 it was reduced to 3,770,000; in 1929, to 3,234,000; in 1930, it was reduced to 2,393,000; and this year it was reduced to 1,928,000. So, it practically means that we have killed this particular trade. In the case of buffalo skins, before the war we had 1,185,000; in 1928, it was reduced to 699,000; in 1930 to 282,000; and in 1931 it was 298,000. If we calculate the value of these skins and the loss to India, by a simple mathematical calculation, it comes to about Rs. 6 crores a year. Therefore, on account of the policy of the Government, in one particular commodity alone, the whole country is losing Rs. 6 crores every year. I have got the figures here; they are not mine, but they are given in the "Review of the Trade of India". If you look at the prices of the exported hides and skins before the war and those of the current year, you will find that there is a dead loss to India amounting to Rs. 6 crores. Let us see in whose hands this particular trade is. (An Honourable Member: "The hides remain in India".) These Rs. 6 crores are buried in the ground. The value to India of this industry taken as a whole is about Rs. 40 or 50 crores. It provides employment to large numbers of men, and is a factor in the economic well-being of millions of the depressed classes. The Cess Committee's Report also tells us that a larger percentage of exports consists of inferior grade hides from animals

Mr. President: Order, order. May I draw the Honourable Member's attention to Standing Order No. 39, which says:

"On the day on which any such motion is made, or on any subsequent day to which the discussion thereof is postponed, the principle of the Bill and its general provisions may be discussed, but the details of the Bill must not be discussed further than is necessary to explain its principle".

On an occasion like the present the Chair has not thought fit to interfere, but I should like to ask the Honourable Member whether he is right in so elaborately dealing with a suggestion made by an Honourable Member to increase the duty on hides and skins. I think that is going far beyond anything that the Chair could allow even on an occasion like this. I would therefore like the Honourable Member to restrict his observations to the principle of the Bill as laid down in Standing Order No. 39.

Dr. Ziauddin Ahmad: I will only just mention my conclusion. The conclusion at which I was to arrive was this, that by increasing the cess you cannot increase the income, but the best way to increase the income is to abolish the cess altogether and then you may tax the profits of the businessmen engaged in this particular trade. The detailed discussion of this point was an important one for the proof of my theory, but stable prices are more important than stable exchange.

Sir, the next question that I should like to touch, though slightly, is the question of motor spirit. Last year the duty on motor spirit was six annas per gallon. This was increased by two annas per gallon and the proposal is to have a further increase of two annas, that is, it makes altogether a duty of ten annas per gallon. It is very significant that the price of petrol in England is less than the duty which is imposed upon it in this particular country. It is only three annas a gallon in America, it is less than one shilling a gallon in England, and about the same in other countries. I ask, is the Honourable the Finance Member justified in putting a duty on motor spirit equivalent to the price at which it is sold in other countries? There is one other point in this connection to which

I should like to draw attention, and that is that the price at which petrol is sold in Delhi is Rs 1-12-0 a gallon. Out of this we pay ten annas as excise duty, and the cost of production, if I am not mistaken, is only two annas a gallon leaving out the overhead charges. So, it leaves a profit of one rupee per gallon in the hands of the capitalists. Here the producers have a regular monopoly, and on account of this monopoly they give a dividend of 22½ per cent. Is not this kind of monopoly, I ask Honourable Members, a civilised form of robbery and dacoity? All the producers have entered into an unholy alliance and they have fixed their own price which they command. Since this article must be purchased, the people have to pay a high price, and the monopolists make an enormous amount of profit. Of course, we do not mind people from outside coming forward with foreign capital to develop the natural resources of this country. A thing like that is not very much resented by us, but what we do resent is the monopoly which robs the people by charging enormous prices in order to pay a dividend of 22½ per cent. If the Honourable the Finance Member will agree, I will suggest that the Government should take the sole charge of petroleum in this particular country, and that is the only way by which this monopoly can be broken.

Mr. Arthur Moore: Which Government? Burma?

Mr. President: I am very sorry to interrupt the Honourable Member again. He still goes into details. The issue in the Bill is a surcharge of 25 per cent. on the import of petrol. The question as to how the public will be affected by this increased duty is perfectly relevant. But is this an occasion when the Honourable Member should go into details of this trade? I can allow the Honourable Member to have his full say on the effect on the public of the increased surcharge which the Bill contemplates imposing, but I would ask him once more not to go into details in the manner in which he has been doing.

Dr. Ziauddin Ahmad: May I reply to the Honourable the Leader of the European Group when he spoke about the separation of Burma?

Mr. Arthur Moore: I did not say anything about the separation of Burma.

Dr. Ziauddin Ahmad: I thought the Honourable Member had given away the whole case when he said that this question of monopoly would not arise if Burma was separated. Government monopoly of petrol would yield an income so as to render fresh taxation unnecessary. I take another topic and it is the question of the Army. We had been discussing two kinds of balance of trade.—the visible balance of trade and the invisible balance of trade, but here we have got two forms of Budget, the visible Budget and the invisible Budget. In the case of the Army you have got a visible Budget which is quoted in every report. Then you have got an invisible Budget for the Army which a layman cannot find out unless he goes through all the intricacies of the figures. As regards the visible Budget of the Army, it was Rs. 59 crores in 1929-30, Rs. 58 crores in 1930-31, and Rs. 56½ crores in 1931-32. In addition to this visible Budget, there are certain items which I may call the invisible Budget of the Army. The first item of this invisible Budget of the Army is the contribution by the railways. We know that the railways contribute to the Army in two different ways. The railways spend Rs. 173 lakhs for the Army in the strategic lines. The second way in which the railways support the Army

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is this There is a standing order that any soldier, by paying the fare of a third class ticket can travel in the second class. They have also concessions in luggage. Those are the two contributions which the railways make to the Army Budget.

Then there is the civil administration which also makes contributions to the Army in the form of invisible budget. We make a contribution in the shape of constabulary, which is about 1 1/3rd crores; and then there is the Survey of India which is about 41½ lakhs. That is about half a crore. Taking the visible and the invisible items in the Budget of the Army, the net expenditure comes to not 54 crores, but to about 60 crores. If we adopt the same policy, that we have adopted in the civil Budget, of cutting salaries and having a better organisation by which we effect a saving of 16½ per cent. we should have a cut of at least 10 crores from the military Budget. That is the very minimum and that will be on the lines of the civil Budget. I know 10 crores will not satisfy the Members on this side of the House. They would like to have a still bigger cut, but I just follow the principle of the civil Budget and demand only a cut of 16½ per cent.

Now, Sir, I come to the railways, and the reason is that they used to contribute 7 crores to the General Budget. In the proposal which the Finance Member has laid before us, he has clearly said that the railways cannot contribute a penny. This means that there is a definite loss of 7 crores. I maintain that this can be contributed and our General Budget must come down by this amount. During the period under review, the last five years, the Government have spent 40 crores in new construction. Taking the case of the old running lines, they have spent 80 crores out of the loan that we have taken for them during the last five years and in addition they have drawn 50 crores from the Depreciation Fund. They have spent 40 crores in new construction and therefore the total capital expenditure excluding the money drawn from the depreciation fund spent by the railway during the last five years is 120 crores of rupees. That is the capital expenditure which has been drawn from our loan. Out of this 120 crores, 80 crores have been spent on the running lines, which yields no income, and the 40 crores spent on new construction yields only a revenue of one per cent. In the Railway Retrenchment Committee's Report there is an appendix in which the yield and the cost of the new constructions have been given and if you add up the total of the capital and the yield the profit comes to only one per cent. It is really a bad investment. We borrow money at 6 per cent. and 6½ per cent. and invest it in undertakings which yield only one per cent. The Honourable the Finance Member is really responsible for the general finances of the railways, although the Railway Budget is separated, but it is under the charge of the Financial Commissioner, who is the Secretary of the Finance Member. It is his business to see that the capital expenditure is properly spent. He should not misspend in the way in which they have been squandering the money. We have been demanding here that 10 crores ought to be supplied to buy the B. & N. W. Railway which is yielding an income of 18½ per cent. Now, the Honourable the Finance Member had no money to invest in a concern which yields an income of 18½ per cent. He has got 120 crores, two-thirds of which produce nothing and one-third produces only one per cent. Now, the Acworth Committee very strongly recommended that the railway authorities should lay aside a certain sum of

money every year in order to purchase the B. & N. W. Railway. They established a Reserve Fund amounting at one time to about 25 crores. The whole of that was spent. Some persons really believe that that amount was intentionally spent in order that no money might be available for the purchase of the B. & N. W. Railway. They had the same problem in the Nizam's State. They began to build up a reserve fund and set aside 2 crores every year and they succeeded, without any loan, in buying the whole of the railway in the Nizam's dominions. Had we done the same thing we should have saved all these questions and resolutions. I will just say a few words on how it is possible to make the railways yield us an income of 7 crores. The Railway Retrenchment Committee did not have the opportunity to see the running lines. We worked only during the Simla Session, and had the opportunity to examine and discuss the Railway Board and the departments directly connected with the Railway Board. We had no time at our disposal to go into the running of the line. We had recommended a saving of 75 lakhs and the railway authorities have already effected an economy amounting to 4.3 crores and if we apply the principle of the cut in salaries then the saving will come to about 10½ crores. There is great room for retrenchment in the running of the line. We give large sums of money, amounting to 36 lakhs a year, to each Agent to spend in his own way, for which no regular budget is prepared and no regular sanction obtained. We also have duplication of work between the Superintendent and the Agent's office. All these are items which will have to be looked into by some Retrenchment Committee, and I am perfectly confident that if we effect economy and have this reorganisation, we will have sufficient money to fulfil the obligation of paying one per cent. on the capital at charge. We thus have another income of 7 crores.

Now I come to the question of land revenue, which, on account of its application to the North-West Frontier Province, comes under the purview of the Assembly. There is now a very strong feeling among the landlords not only in the North-West Frontier Province but practically in every province that the policy of the Government is to purchase the whole of the landed property without paying for it. The reason for this belief is this. In several provinces Government have asked the landlords to remit the rents without a corresponding remission in the land revenue. They also do not help the landlords in the collection of unrealised rent. The zamindars suffer in two ways; first, they are forced to remit their rent, and they cannot realize what is legitimately due to them: and the result is that these zamindars have to pay the land revenue from their own pockets. Moreover, the land revenue is realized by force, and by methods which can hardly be called humane; that is, any person who has not paid his land revenue is at once put into jail, and his motor car or his *tanga* and all his moveable property are confiscated and sold at a nominal price. He is actually put into jail along with other prisoners who have committed offences under the Indian Penal Code. Thus many respectable persons find that the ultimate result of their being landlords is to go to jail, and they would therefore be very willing to give over the whole of their property to the Government and thus to be saved from the trouble of paying the land revenue, which it is impossible for them to pay. Sir, we all know that this year the zamindars of Upper India have actually had to sell their ornaments amounting to over £8 millions which has all gone into the currency in the shape of 'distress' gold. Now you cannot expect these zamindars to go on paying these amounts for ever. Now they may

[Dr. Ziauddin Ahmad.]

possibly manage to pay this year, but this experiment cannot be repeated year after year. The value of the property will go down from 100 to 50 and then to 25 and then to almost nil. Sir, it is lamentable to find that the Government do not care for those who already stood by them and who are their real friends, but they care far more for the tenants because there is more force behind them. I warn the Government that, so long as they follow this policy of treading down their own friends, it would be impossible for any Government to exist very long. One point which is really a very important point at issue is that while the Government insist upon the zamindars giving up a certain amount of rent, at the same time they themselves are not prepared to remit their own land revenue. I think there is no justification

Mr. President: The Honourable Member takes a point and then elaborates it at considerable length. May I ask him what relevance zamindars' grievances have to the motion now before the House?

Dr. Ziauddin Ahmad: Because the particular question arises in the N.-W. F. Province, and the Government are adopting a tyrannical policy.

Mr. President: The Honourable Member has been speaking about the grievances of the U. P. zamindars. What has that to do with the precise issue before the House? Will the Honourable Member please explain?

Dr. Ziauddin Ahmad: The grievances of the landlords in the N.-W. F. Province are the same as those of the landlords in any other part of India.

Mr. President: What has that to do with the present Bill? I want the Honourable Member to tell me that.

Dr. Ziauddin Ahmad: The point is that, in order to meet their diminished income, the Government should diminish their scale of expenditure; and unless they revised the whole scale of salaries, it would be quite impossible for them

Mr. President: What relevance has that to the grievances of the zamindars and tenants in the United Provinces, or even in the North-West Frontier Province? The Honourable Member has spoken for one hour, and I do not object to his going on as long as he likes, provided what he says is relevant to the issue before the House.

Dr. Ziauddin Ahmad: The last point that I should like to make is this. We have got a deficit Budget. It is impossible for the country to pay the present enormous overhead charges either of the Central Government or of the Provincial Governments; and it is now high time that the Government reduced the scale of salaries. Simply a cut of 5 per cent. or 7 per cent. or 10 per cent. will not suffice. The thing that is exceedingly important is that you ought to revise your scales of salaries from beginning to end and bring them down to the pre-war level. The important point is really that, namely, when income is being diminished, the overhead expenses must also diminish. While our income is practically now coming down to that before the war, our expenditure in some cases is about three times what it was before the war, and it is very desirable that income and expenses must be balanced.

Sir, the last thing I want to speak on has reference to the deliberations at the Round Table Conference. They have been discussing a good deal there about communal problems. I think that the example of Egypt will help in the solution of this particular problem; and both Hindus and Muhammadans

Mr. President: I am very sorry to go on interrupting the Honourable Member. I have however repeatedly drawn his attention to the fact that we are dealing with a Finance Bill, and anything that arises out of the Finance Bill is alone relevant. I wish the Honourable Member would restrict himself to the issues that are before the House.

Dr. Ziauddin Ahmad: May I utter my last sentence? In the future Assembly, we ought to have the real power of regulating the Finance and Currency; and the future Assembly should not be reduced to the position of a school-debating society, which is the name given by the Honourable the Home Member to this Assembly.

Mr. Amar Nath Dutt: Sir, at the fag end of the day I am not going to inflict a long speech upon the House (Hear, hear), or to sermonise the Honourable the Finance Member, who undoubtedly is an expert in finance, about what he ought to do and what he ought not to do. But, Sir, we should be failing in our duty if we did not enter an emphatic protest against the Finance Bill as introduced by the Honourable the Finance Member; an emphatic protest because of the manifold grievances of the people of this unfortunate country which remain unredressed. Sir, the lurid light of affairs at Dacca, Midnapore, Chittagong and last but not least, Hijli, has shed its lustre on the ever lengthening fame of the Honourable the Home Member, I mean the present incumbent of that high office. Sir, at times I thought that it was useless for me to get up and address the House because I found the Treasury Benches empty; and if I am now to address the House on the Finance Bill, I shall address myself only to such points as concern the maladministration and misgovernment of this country by other Members of the Government except the Honourable the Finance Member, upon whose devoted head all the blames are being placed because he happens to be the author of this Finance Bill. I believe, Sir, that if only the Honourable the Home Member and the Honourable the Finance Member had exchanged places, we would have been better off than we have been at the present moment. I hope the Honourable the Home Member will excuse me if I am obliged to speak out my mind; at times, Sir, it is very necessary that we should speak out our minds. Sir, we do not want misgovernment, in the name of government; and the sooner the same is put an end to the better for all concerned and to expedite that, we want to throw out the Finance Bill. Our guiding principle should be "Refusal of supplies before redress of grievances". We have been asking for redress of our grievances, day after day, hour after hour, in this very House and elsewhere from platforms all over the country, but the Honourable the Home Member has turned a deaf ear to all our demands. Safe as he is under the present constitution, and constituted as we are as the representatives of the people under the present constitution, our only remedy against his tyranny is to refuse supplies. So, if I say a few words against the present Finance Bill, it is more directed against those who are responsible for the administration of the country and not the Honourable the Finance Member, whose misfortune it is to introduce the present measure. Apart from this, I think I am bound to point out to the Honourable the Finance Member for his consideration certain provisions of the Finance Bill which should be deleted from the Finance Bill. I do so at the risk of being characterised as an unfair and dishonest critic. Probably the only fair and honest critic in this House

[Mr. Amar Nath Dutt.]

is the one man who is the friend of India over there according to the certificate of the Bengal Government. I have never aspired for any Government certificate as an honest and fair critic of that type. The moment I do so, my public life will be gone, and I shall have sold myself to the bureaucracy. This reminds me of a great statesman in England who used to say, "Whenever I found that the *Times* agreed with me. I thought that I was in the wrong". If my views tally with those of the bureaucracy or of the official Benches, then I think seriously and try to suspend my judgment, because I think that I must be in the wrong, because the Members over there and I cannot agree on fundamental and essential points. My friend, the Honourable the Deputy President, has pleaded that he may not be characterised as a dishonest and unfair critic. I do not lay claim to that. Let the Government characterise my criticisms as dishonest and unfair, and I know what is its worth.

Sir, the Honourable the Finance Member began by saying, when introducing the Finance Bill, that he wants to restore equilibrium between revenue and expenditure. It is necessary to restore equilibrium between revenue and expenditure in order that the administration may go on. Unless there is equilibrium, the administration will succumb. But you can do so either by reducing the expenditure or by increasing the revenue. But when it is proposed to keep up the alien people with fat salaries, we must impose further taxes,—to that I enter my emphatic protest. If they want to have the luxury of ruling India and of posing before the world as the great Moguls they should not do so by exploiting India, but should get money from their own homes instead of getting it from the starving millions of India. I quite believe the statement of the Honourable the Finance Member when he says that it is with the greatest possible reluctance that he has been obliged to introduce this emergency measure. But at the same time, Sir, I think you will forgive me for saying that he had no other alternative but to do so. His is not the choice in the matter. He has to act under direction, and that being so, I pity his lot. If that is going to be the lot of every Finance Member in the future constitution—of course under the present constitution I do not expect to be a Finance Member, but if that is going to be the lot under the future constitution—I would not covet the position of a Finance Member for myself if I was to be dictated to. We are then asked to assume an attitude of feeling a share of responsibility. Do you really and sincerely mean that we have any responsibility? Do you ever act up to our advice? At times you sleep, as the Honourable the Home Member is sleeping when I am speaking about maladministration by him. At times you take notes about replies. That is the way in which all our statements are dealt with. If that be so, why do you ask us to assume an attitude of responsibility? Where is the responsibility? If I were to ask Sir Joseph Bore, "Sir, instead of a 5-pice envelope, have 2-pice postcards at least and have a 6-pice envelope" will he accept my advice? He won't. That being so, why do you ask for our advice? Our business is to denounce, and let us denounce. After hearing our speech, you go away from this hall saying "These people are talking loudly; let us go on". I know many of the Honourable Members over there will

do that. But there are some people who may be thin skinned and will feel it. Probably the Honourable the Home Member is one of them. He is rather a little thin skinned, because when he comes down upon us with abuses, I think he feels keenly about our remarks. We are asked to frame an essentially constructive scheme for "the India which we are serving". You are serving India? That is the language which is used. The great French comedian Moliere said that speech has been given to conceal rather than express man's thoughts. Here is an example of that. "That India which we are serving!" While you are ruling India you say you are serving India. As has been said of the members of the Indian Civil Service that they are neither Indian nor civil nor servants, so you are serving India. Masters say that they are serving India. I do not like this sort of language. Your only kind of service is to relieve the poor of the little they have to pass their days on this earth and thus to shorten their days in this unhappy world.

I shall criticise the speech of the Honourable the Finance Member even at the risk of being characterised as a dishonest critic. It has been said by the Honourable the Finance Member about withdrawal of the Lee Commission concessions that it would be "discriminatory action of the most unfair kind". "Discriminatory action of the most unfair kind." People with several thousands per month have had additions to their pay for going with their families overseas, and over and above the overseas pay, several other things. You know what are those concessions. If at the present moment we ask for a withdrawal of those concessions, you say "discriminatory action of the most unfair kind". No doubt it is unfair to deny anything to those fair-complexioned men. It has been said that those concessions are designed to meet inequalities between various classes of officers. Here we have to take the Honourable the Finance Member at his word. What are the inequalities between the various classes of officers? Certainly I do not know and probably the Honourable the Finance Member himself does not know, unless he is on this point enlightened by members of that heaven-born service, because he does not belong to that service. Sir, the pay and prospects of a member of the Civil Service in India are, I think, higher than in any other country in the world. In spite of that, you have added to the pay after the great war when prices went up many concessions under what we call and what we have termed in this House, "Lee loot" or "Lee plunder". About 1½ crores have been taken away. At present, the Honourable the Finance Member, who has been eloquent in asking us to make all sorts of sacrifices, says that even this which was given to them at a time when prices were very high, cannot be taken away and that it would be discrimination of the most unfair kind, and that it is designed to meet inequalities between various classes of officers. In this country, I put it to you, you will find youngmen, the flowers of Indian universities, spending their whole lives on Rs. 400 or 500 a month. Go to the Science College or to the University College. You will find Premchand Roychand scholars and Doctors of Science of the London University working for Rs. 500 or 600 a month and no more prospects than Rs. 1,000 a month. Certainly the members of the Indian Civil Service are not intellectually better equipped than these, the flowers of the Indian universities. And what do these people get? They get four times, five times, six times, eight times as much. Is there any office which the Honourable Members

[Mr. Amar Nath Dutt.]

over there hold under the Government of India which the flower of our universities cannot discharge with credit to themselves and to the country as well as to the Government? I think it will be the height of impertinence for any member of the Indian Civil Service to say that they are the only men qualified to discharge the duties of governing India or misgoverning India. So, Sir, when Mahatmaji laid down the maximum salary of anybody under the sun to be Rs. 500, he was perfectly right, considering the conditions under which we have to live here in India, considering the poverty of the millions of the people of this country; and you ought not to claim the high salary which you have got, far less ought you to take advantage of the plunder which was started a few years ago to augment your incomes. It has been said, Sir, about income-tax on leave, that these are established rights. Established rights there are many on earth. This is an established government. So was the government of Siraj-ud-daulah in the year 1757; that established government vanished. Mind you I am uttering no idle threat. I tell you that if you go on taxing the resources of the people to the extent to which you have done and which you are doing by the present Finance Bill, you will be held responsible for the anarchy that is bound to follow. I give you this warning. You cannot tax us further. Look to the condition of the agriculturists of the country. I moved a Resolution for inquiring into their distress and to see what could be done to relieve them. The Honourable Member in charge of the Department with smiling words said, "We are inquiring, and will receive your suggestions". The income of agriculturists has gone down by 75 per cent. Wheat and paddy are selling at one-fourth their usual price, and you want to raise further taxation from a people, 79.3 per cent. of whom live on agriculture alone. Then again what is the condition of traders? Some of the traders have been utterly ruined. I have found big millionaires travelling second class, and they say that they are feeling the pinch of the trade depression and in fact their incomes have gone down by 50 or 60 per cent. and some have been ruined. Then what about the professional classes? The profession of my Honourable friend, Dr. Dalal, as also the profession of my Honourable Leader, Sir Hari Singh Gour. Take note from the income-tax officers what is their real income. People who used to call in doctors now go to doctors' houses because they cannot pay their fees. People who used to litigate for their just rights, would not come now to courts. Your courts will collapse and with it your administration if things go on like this. I know you do not care a bit for all these warnings, because you are not interested in the welfare of this country or its people, but we who are the children of the soil, we who have lived here for centuries, and we who expect our children's children to live here for centuries to come, we have an abiding interest in the land. This ancient land, favoured of the gods, the sacred soil of Aravavarta with its traditions and history, its culture and civilisation, and its philosophy and religion shall ever inspire our posterity and if you also wish to live here with us—and we will not grudge that if you live like men and not as our oppressors or tyrants—we are willing to allow you to live with us and pass your weary years in this unfortunate land of ours where we manage to eke out a mere existence; but of course you must accept Indian standards of life and do away with your English standards, which are not suited

to a warm climate like this, and you must not get more than Rs. 500 for any post you may occupy. But you want that you should get your salaries cut only by ten per cent.—a very big cut indeed, a far higher cut than what my friend Dr. Gour or Dr. Dalal have undergone and far less than the traders and agriculturists. Ten per cent. on Rs. 6,600 means Rs. 660. . . .

An Honourable Member: Less income-tax.

Mr. Amar Nath Dutt: While your income has been cut down by ten per cent., you do not allow any extra deduction of income-tax; but you do not allow us to include it in the way in which you protect your own income. To that extent you escape scot free, while we have to go on contributing. You say, "Let the country bear the income-tax. We will not have any further reduction in our salary".

Then what about the injustice of this uniform cut of ten per cent. in pay? The man who is now drawing Rs. 6,600 was certainly drawing a few years ago Rs. 4,000 or even less, because at that time he might have been at the most a Secretary to the Government of India. That being so, why cannot he live on the income at which he lived all his life or the best portions of his life—say at the income at which my Honourable friend, Sir Hubert Sams, is going to retire? He is going to retire after attaining the position carrying Rs. 4,000, while other Honourable friends must have their Rs. 6,000. A few years ago my Honourable colleague, Sir Joseph Bhole, who was also our colleague then, was getting Rs. 4,000. Cannot he forego Rs. 2,600? That would make about 40 per cent. of his income. I would have a 40 per cent. cut in the pay of all people drawing more than Rs. 2,000 per mensem. If you do not do that, I tell you to your face that you are hypocrites: you really do not want to serve India; you do not really want to come to the benefit of the people at this time of distress. You will not surrender 40 per cent. of your income. Look to the generous Viceroy. He has voluntarily surrendered 20 per cent. and I am sure he would have surrendered even more if you had not stood in his way. I do not know whether I am correct, but a little bird whispered in my ears that even the Finance Member was for a graded cut, but some other influences were brought to bear upon him and of course he could not do that.

An Honourable Member: Is it the Civil Service?

Mr. Amar Nath Dutt: Some friend of mine asks, "Is it the Civil Service?" It may be so, because they are the best friends of India. Some such pressure was brought to bear upon him. Knowing him as I do and knowing him as many Members on this side of the House do, Sir George Schuster wanted—I do not know whether he still wants or whether it will be possible for him—to hand over sound finance to the next constitution. But let us not talk about the next constitution, because I know that with the new Government at home the spirit here has already changed and the spirit which we found in Simla is wanting here. So long as that gentleman at home, whom I had the honour of meeting at luncheon some years ago when he came here in an aeroplane, happens to be the guiding spirit of our destinies, your spirit and attitude will remain unchanged. So I submit that a ten per cent. cut is not the way in which you ought to have come to us.

[Mr. Amar Nath Dutt.]

Much has been said about the military expenditure. I certainly differ from the Honourable the Finance Member when he says that His Excellency the Commander-in-Chief has done whatever was possible in the circumstances and that it is not possible for any further reduction in the military expenditure of the country. . . .

Mr. President: May I know how long the Honourable Member is likely to take?

Mr. Amar Nath Dutt: About an hour, Sir.

Mr. President: The House will now adjourn till 11 o'clock tomorrow.

The Assembly then adjourned till Eleven of the Clock on Friday, the 6th November, 1931.