

Monday, 30th March, 1936

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1936

(15th February to 25th April, 1936)

ELEVENTH SESSION
OF THE
THIRD COUNCIL OF STATE, 1936



PUBLISHED BY MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI
1936.

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COUNCIL OF STATE.

Monday, 30th March, 1936.

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

MEMBER SWORN :

The Honourable Mr. Gurunath Venkatesh Bewoor, C.I.E. (Government of India : Nominated Official).

QUESTIONS AND ANSWERS.

EXCHANGE OF BARREN AND UNPRODUCTIVE MARES FOR SUITABLE FILLIES FROM THE MONA AND SARGODHA DEPOTS.

143. THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Do Government propose to change barren mares or mares otherwise declared unfit, belonging to the horse-breeding colonists in the Montgomery district ? If so, from what date will this concession come into force ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Government have decided, as an experiment for one year from the 1st March, 1936, to allow *bona fide* breeders of the Army Remount Department to exchange their barren and unproductive mares of between four and nine years of age for suitable fillies from the Mona and Sargodha Depots on certain conditions.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Is it going to be free of charge or have they to pay the price ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I cannot give the Honourable Member all the details in that order but I can send him a copy of the order if he likes.

NUMBER OF SAYYIDS ENLISTED IN THE INDIAN ARMY.

144. THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Will Government be pleased to state how many Sayyids have been recruited to the army since the declaration by His Excellency the Commander-in-Chief in the Council of State last year that there were no restrictions on the enlistment of Sayyids in the army ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Fifty-eight.

ENLISTMENT OF SAYYIDS IN THE INDIAN ARMY.

145. **THE HONOURABLE RAJA GHAZANFAR ALI KHAN:** Do Government propose to publish in the Army Gazette the announcement of His Excellency the Commander-in-Chief that no restrictions on the enlistment of Sayyids in the army exist ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: No. There is no restriction on the enlistment of Sayyids and Commanding Officers are well aware of the orders on the subject.

NUMBER OF INDIAN OFFICERS WHO HOLD THE KING'S COMMISSION.

146. **THE HONOURABLE RAJA GHAZANFAR ALI KHAN:** Will Government be pleased to state the total number of Indians who have obtained a King's commission so far ? How many of these are sons of ex-military men, and what are their sub-castes ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Two hundred and ninety-eight of whom 72 were commissioned from the Indian Military Academy. Our records do not contain the information asked for in the latter part of the question but the Honourable Member will find the names of all the serving officers in the *Army List*.

NUMBER OF STUDENTS WHO JOINED THE INDIAN ARMY AFTER PASSING OUT OF THE MILITARY SCHOOLS OF SERI ALAMGIR AND JULLUNDUR.

147. **THE HONOURABLE RAJA GHAZANFAR ALI KHAN:** Will Government be pleased to state how many students have so far passed out of the Military Schools at Seri Alamgir and Jullundur, how many of these joined the army and how many of those who joined the army have been able to obtain a King's commission or Viceroy's commission ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Between three and four hundred boys have passed through these schools of whom the majority have entered the army. It would involve a great deal of time and labour to follow out the cases of each of these 400, but as the schools were only started in 1925 and the eldest ex-student cannot be more than 24, it is improbable that many have yet received Viceroy's commissions. One has so far been commissioned from the Indian Military Academy and four are at present gentlemen-cadets.

CONDITIONS UNDER WHICH SCHOLARSHIPS ARE GIVEN FOR THE INDIAN MILITARY ACADEMY, DEHRA DUN.

148. **THE HONOURABLE RAJA GHAZANFAR ALI KHAN:** Do Government give any special scholarships to the sons of ex-military men who are admitted to the Dehra Dun Military College ? If so, how many such scholarships have been given during the last year and what are the conditions under which these scholarships are given ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Details of all scholarships, etc., available at the Prince of Wales's Royal Indian Military College, are given in the Regulations, a copy of which is in the Library. No scholarships of the kind mentioned have been awarded during the past year.

APPOINTMENT OF AN ADDITIONAL MEMBER TO THE RAILWAY BOARD.

149. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether they intend to add another Member to the Railway Board in the near future? If so, from what date? What are the reasons for doing so? What will be the annual salary and allowances in this case?

THE HONOURABLE SIR GUTHRIE RUSSELL : The matter is under consideration. If the appointment is made, it will have effect some months hence. As has already been explained by the Honourable Member for Railways in the course of the Railway Budget debate, the Board cannot carry on with three Members. If the post is sanctioned, it will carry the usual pay of a Member of the Railway Board, viz., Rs. 4,000 per mensem.

APPOINTMENT OF AN ADDITIONAL DEPUTY AGENT ON THE NORTH WESTERN RAILWAY.

150. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Has an additional Deputy Agent recently been sanctioned for the North Western Railway? If so, what are the reasons which led to this addition? What are the additional annual salary and allowances in this case?

THE HONOURABLE SIR GUTHRIE RUSSELL : The reply to the first part of the question is in the negative. The rest of the question does not arise.

NATURE OF DUTIES PERFORMED BY THE STAFF OF THE CENTRAL FORMS STORE AND THE CENTRAL STATIONERY OFFICE, CALCUTTA.

151. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state :

(a) The minimum qualifications, the nature of duties and the scale of pay of the clerks of the Central Forms Store, Calcutta?

(b) The minimum qualifications, the nature of duties and the scale of pay of the record suppliers of the Central Forms Store, Calcutta?

(c) The minimum qualifications, the nature of duties and the scale of pay of junior clerks in the Stationery Office, Calcutta?

THE HONOURABLE MR. A. G. CLOW : (a) to (c). I am not in possession of information regarding the detailed nature of duties performed by the staff in question. So far as I am aware, no minimum qualifications have been laid down for record suppliers in the Central Forms Store or for junior clerks in the Central Stationery Office. The minimum qualifications in the case of clerks in the Central Forms Store is the matriculation or equivalent examination. The scales of pay are given in the statement laid on the table.

Statement.

Staff.	Existing rates of pay.	Revised rates of pay.
	Rs.	Rs.
Clerks, Central Forms Store, Calcutta	45—45—50—3—65—4 —85—4—105—5—140	45—45—5/2—90—3 —105
Record Suppliers, Central Forms Store, Calcutta.	20—1/4—27	20—1/4—27
Junior Clerk, Central Stationery Office, Calcutta.	30—1—40	30—1—40

SCALE OF PAY OF RECORD SORTERS IN THE GOVERNMENT OF INDIA SECRETARIAT, ETC.

152. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state :

(a) Whether the record suppliers in the Department of Industries and Labour, Government of India, draw pay from Rs. 30 to Rs. 50 per mensem ?

(b) Whether the record suppliers in the Office of the Secretary, Imperial Record, are graded from Rs. 20 to Rs. 40 ?

(c) Whether the record suppliers of the Central Forms Store, Calcutta, are in the grade of Rs. 20— $\frac{1}{2}$ —27 ?

(d) Whether the record suppliers of Central Telegraph Office are in the grade of Rs. 30 to Rs. 75 ?

(e) If the replies to (a), (b), (c) and (d) are in the affirmative, will they be pleased to state the reasons for the differential treatment meted out to the record suppliers, Central Forms Store, Calcutta, regarding their pay and conditions of service ?

THE HONOURABLE MR. A. G. CLOW : (a) No. The scale of pay of record sorters in the Government of India Secretariat rises from Rs. 20 to Rs. 40.

(b) Yes.

(c) Yes, if they are permanently employed.

(d) No.

(e) This does not strictly arise but I should add that the scale of pay for the record suppliers in the Central Forms Store, Calcutta, is based on the scale of pay for similar employees under the Government of Bengal.

DUTIES PERFORMED BY RECORD SUPPLIERS OF THE CENTRAL FORMS STORE, CALCUTTA.

153. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state :

(a) Whether the record suppliers of the Central Forms Store, Calcutta, are required to assist the clerks in the discharge of their duties and even at times to perform the duties of the clerks independently ?

(b) Whether the record suppliers of the Bengal Secretariat, of the Central Telegraph Office and of the Central Forms Store, Calcutta, possess the same qualifications and perform the same duties ?

THE HONOURABLE MR. A. G. CLOW : (a) Record suppliers are supposed to assist the clerks in the discharge of their duties, and I understand that some of them have at times performed clerical duties independently.

(b) I have no precise information : the work of record suppliers in one office presumably resembles in some respects the work in another, but the standards required and the conditions of work are not necessarily the same.

ACTION TAKEN ON THE MEMORIAL SUBMITTED BY RECORD SUPPLIERS OF THE CENTRAL FORMS STORE, CALCUTTA.

154. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state :

(a) Whether the record suppliers of the Central Forms Store, Government of India, Calcutta, submitted a memorial to His Excellency the Viceroy through the proper channel on 18th November, 1929, and, if so, the contents of the said memorial ?

(b) Whether Mr. H. F. Trousdell, the then Deputy Controller of Forms, Central Forms Store, Calcutta, forwarded that memorial with strong recommendations thereon ? If so, the nature of those recommendations in detail ?

(c) The nature of action taken or intended to be taken in the matter ?

THE HONOURABLE MR. A. G. CLOW : (a) Yes. The memorial contained a request for enhanced pay and treatment of service as "superior".

(b) The memorial was received from the Controller of Printing and Stationery. Views expressed by individual officers on memorials of this kind are confidential, but I may add that there is no record in my Department of a recommendation by the Deputy Controller of Forms.

(c) The memorial was rejected.

ACTION TAKEN ON THE SECOND MEMORIAL SUBMITTED BY RECORD SUPPLIERS OF THE CENTRAL FORMS STORE, CALCUTTA.

155. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state :

(a) Whether the record suppliers in the Office of the Manager, Forms Press, Central Forms Store, Calcutta, again submitted individual memorials on 14th August, 1935 to the Controller of Printing and Stationery through the proper channel praying for amelioration of their conditions ?

(b) If so, the nature of the action taken or intended to be taken in the matter ?

THE HONOURABLE MR. A. G. CLOW : (a) and (b). I understand that a memorial was received by the Controller of Printing and Stationery and was rejected by him.

DAMAGE CAUSED TO AGRICULTURAL LAND BY THE KHEWRA SALT MINES.

156. THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Will Government be pleased to state (a) whether the proceedings of the debate on the subject of damage caused by the Khewra Salt Mines held in the last Delhi session of the Council of State were forwarded by the Government of India to the Punjab Government ?

(b) Did the Punjab Government appoint an officer to investigate the causes of damage caused by the Salt Range to the lands in the neighbourhood and to suggest remedies ?

(c) If so, has the aforementioned officer already submitted a Report and has a copy been received by the Government of India ? If the answer is in the affirmative, will Government be pleased to state if they propose to publish this Report ? If not, why not ?

(d) Do the reports attribute a portion of the damage to the working of the Khewra Salt Mines? If so, what action do the Government of India propose to take in the matter?

THE HONOURABLE MR. A. J. RAISMAN: (a) and (b). Yes.

(c) and (d). The officer has submitted his Report to the Punjab Government and it is now being examined by that Government. A copy has in the meantime been furnished unofficially to the Government of India, who are awaiting the results of the Punjab Government's examination. I am not yet in a position to say whether the Report will be published or not and what action will be taken on it. A copy of the Honourable Member's question and of this reply will be sent to the Punjab Government.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: The answer to clause (d) of my question has not been given.

THE HONOURABLE MR. A. J. RAISMAN: I think it was covered by my general reply.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Are the Khewra Salt Mines under the Government of India or the Punjab Government?

THE HONOURABLE MR. A. J. RAISMAN: The Honourable Member is perfectly well aware that the Khewra Salt Mines belong to the Government of India.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Are the Government of India to form an opinion on that Report or the Punjab Government?

THE HONOURABLE MR. A. J. RAISMAN: The Honourable Member is also aware that the question relates to the deterioration of certain agricultural lands in the vicinity of the Khewra Mines and not to anything directly connected with the carrying on of the Mines.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Is there no damage directly connected with the Khewra Salt Mines according to the Report?

THE HONOURABLE MR. A. J. RAISMAN: The Report, I may say, makes it quite clear that the Mines have caused the trouble in question only to a small contributory extent but that it is a problem of a much larger character.

ESTABLISHMENT OF CHEMICAL WORKS NEAR THE KHEWRA SALT MINES.

157. THE HONOURABLE RAJA GHAZANFAR ALI KHAN: (a) Does some British Company intend to start chemical works in the neighbourhood of the Khewra Salt Mines? If so, has any correspondence passed between the Government of India and the said Company on the subject?

(b) If the answer to part (a) be in the affirmative, will Government please lay on the table the purport of this correspondence?

(c) Do Government propose to lay down some conditions before issuing a licence to the said Company? If so, what are those conditions?

(d) Are Government considering taking a guarantee from the Company that as far as possible the staff and labour will be recruited by the Company from local people ?

THE HONOURABLE MR. A. J. RAISMAN : (a) Yes.

(b) No.

(c) The Company have undertaken that before proceeding to manufacture, they will float a public company registered in India with rupee capital in which the public will be invited to take up a not unsubstantial portion of such shares as will entitle their holders to vote. They have also undertaken that they will employ Indians not only for ordinary labour but also in higher technical posts after training.

(d) No such stipulation has been made.

THE HONOURABLE RAJA GHAZANFAR ALI KIFAN : Are Government prepared to consider the desirability of making this condition ?

THE HONOURABLE MR. A. J. RAISMAN : No, Sir. I do not think Government can agree to the principle that the benefits of a particular industrial enterprise should necessarily be restricted to the people in the immediate vicinity.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE THE PRESIDENT : I have to announce that the following Honourable Members have been nominated for election to the Standing Committee in the Department of Commerce :

The Honourable Mr. Satyendra Chandra Ghosh Maulik.

The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra.

There are two candidates for two seats and I declare them duly elected.

STANDING ADVISORY COMMITTEE FOR THE INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

THE HONOURABLE THE PRESIDENT : I have also to announce that the following Honourable Members have been nominated for election to the Standing Advisory Committee for the Indian Posts and Telegraphs Department :

The Honourable Sir David Devadoss.

The Honourable Mr. H. P. Barua.

The Honourable Mr. Jagadish Chandra Banerjee.

There are three candidates for two seats and an election will be necessary. The date of the election will be announced later.

STANDING COMMITTEE FOR ROADS.

THE HONOURABLE THE PRESIDENT : I have also to inform the Council that as a result of the election held on the 26th March, 1936, the following three Members have been elected to the Standing Committee for Roads for 1936-37 :

The Honourable Sir Phiroze Sethna.

The Honourable Kumar Nripendra Narayan Sinha.

The Honourable Mr. Mahmood Suhrawardy.

INDIAN FINANCE BILL, 1936.

THE HONOURABLE THE PRESIDENT : The Council will now proceed to discuss the Finance Bill. As there are many Honourable Members who would like to speak, I would request Honourable Members to be as brief as possible in their remarks. Of course there is no time limit fixed for Legislative Bills but I am sure Honourable Members will exercise their sound judgment and discretion as regards the length of their speeches. I may also mention that the Honourable Sir James Grigg has informed me that his presence is absolutely necessary in the other House today and that he will perhaps not be able to attend this House. But he will endeavour his very best to be in this House as early as possible. The debate will now proceed.

THE HONOURABLE MR. A. J. RAISMAN (Government of India : Nominated Official) : Sir, I move :

“ That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, in the form recommended by the Governor General, be taken into consideration ”.

Sir, I will not detain the House long with a speech at this stage. As the House is well aware, the circumstances out of which the Finance Bill arises are fully explained in the Budget speech. The effect of the Bill is to carry out the two proposals for relief which were indicated at the end of the Budget speech, namely, in the first place to reduce the existing surcharge on income-tax and super-tax by exactly a half, and in the second place to give certain relief in respect of the postage on letters. The only other provision of the Bill relates to the fixation of the salt duty which has to be done from year to year. I would only add that it is undoubtedly a matter for regret that this Bill should have come before this House once more in a form certified by the Governor General, but the House is well aware of the circumstances which have made it inevitable that this action should be taken. The amendments which were carried in the other place were such as to make it impossible to balance the Budget and the acceptance of those amendments would have resulted in a financial situation of the most extreme seriousness. In these circumstances, the Bill has had to be dealt with under the procedure of which this House is aware.

Sir, I move.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, before I commence my remarks on the Finance Bill, permit me to thank the Honourable the Leader of the House and the Finance Department for having restored the University grants for which we made such vehement appeals. But I am afraid, Sir, that when restoring these grants, he seems to have forgotten his alphabet! After Aligarh and Benares, Calcutta's Rs. 1,300 only was forgotten. The grants of Rs. 30,000 for Aligarh and Rs. 30,000 for Benares were restored, but not the grant of Calcutta. I hope that this was unintentional and that he will restore that grant also quickly enough.

Sir, certified Bills are always a reminder to us of our real condition of abject servitude. If it comes once in a way, it does not matter so much. But when it becomes the rule, it is time to ask what is wrong with the whole Constitution? Within the space of one year we have had three certified Bills before us. The Finance Bill of 1935-36 was brought before us in a certified

form in April, 1935 ; then again we had the Criminal Law Amendment Bill in a certified form and we have this Bill again in a certified form. We have no doubt that constitutionally, according to the rules, they are perfectly justified. There is no doubt about that. But the question is this. If you have made up your mind that the Legislature is not good enough to carry on, why have all this expenditure on the Legislature ? Either you should make yourself responsive and show that you desire to meet the Opposition at least half-way, or you should abolish the Legislatures. Some of my friends who are habituated to discount our statements about the powerlessness of the Legislature, and about the unresponsiveness of the Government—even they would have been convinced by now, because the authority who has taken up the cudgels to support the Opposition is no less than the Honourable the Law Member. He quoted to us in the other House chapter and verse to show that under the present Constitution there was no transfer of power over the purse strings, that all this Budget discussion and Finance Bill were nothing more or less than permission to enact an annual farce. If that is so, why waste the time of the House ? Why waste the money of the tax-payers ? There is no need to have voting on demands ; there is no need to have the Finance Bill discussion. Just let us have, as we had before, one day to discuss the whole thing and finish with it without voting.

THE HONOURABLE THE PRESIDENT : And pass an unbalanced Budget ?

THE HONOURABLE MR. HOSSAIN IMAM : Sir, as we said last year, if we had the responsibility we would find ways and means. If income was cut we would reduce expenditure to balance it. But to confront us with an irreducible expenditure and then to ask us to balance the Budget is too tall an order. Sir, the Congress came to the Legislatures with the avowed object of proving that the Legislatures are powerless, that the Government is irresponsible, that the control of the Legislature over the Government is a myth, and what has Government done ? It has played into the hands of Congress and has proved to the hilt every one of the accusations which Congress men brought against it inside and outside the Legislatures. At the present moment the policy of Government is not to look ahead, but to look just in front of their noses and to secure momentary victories. What will be the after effect, the effect on the country ? The only aim and object of Government is to try and put the Congress wrong in some minor respect. Long views of things are not being taken. Then I witnessed a strange phenomenon. The Members of the Treasury benches were singing the praises of the former Opposition and in like manner the Opposition leaders were singing the praises of the predecessors-in-interest of the Treasury benches. That shows that in former days we had friendly bouts, exhibition fights ; but now we are having the lists cleared for the fray ; there are no niceties observed in the duel ; we have to fight with bare knuckles and fight to the end.

Sir, there are people on this side of the House who do not see eye to eye with the Congress in their programme of abolition of the salt duty, but we had a right to expect from the Government something better than what they have done. It is common ground between the Government and ourselves that the surcharges were an emergency measure. It was promised that they would be remitted as soon as occasion offered. Have we no right to claim that those who have the least ability to pay taxes should have precedence in remission of taxation ? Is it not a fundamental principle that relief must be given to those who can pay the least ? Therefore it was quite possible for the Government to amend this recommended Bill so as to make some reduction in the salt duty. They would thereby quite possibly have gained the

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support of at least a section of the people in the Lower House. But, Sir, in the form in which the Bill has been introduced we cannot make these nice differences, whether we agree with a particular item or not. We have the precedent of the European Group in the Assembly in regard to this. Last year they set a very good precedent to the effect that in a recommended and certified Bill it is not possible to differentiate, and every item has the same force as the other. Therefore, if I am opposed to one item, I must oppose or remain neutral on the issue of the passage of this Bill as a whole. We have great respect for the European Members and we know that in what they have done they have not been animated by enmity for the Government. Their action could only have emanated from a love of the Constitution with all its faults. It is therefore very difficult, and impossible, for us to support this Bill.

The Finance Bill discussion is always one in which all sorts of matters are brought up, but I am going to impose a self-denying restriction on myself and am not going to refer to remote matters. But by way of personal explanation I have to say a few words about Quetta. When I agreed with the Honourable Finance Member that Quetta should be financed from revenue during the Budget discussion, I knew perfectly well that a section of Indian opinion was against its being financed from revenue. But I did not give any of my reasons for this because I thought I would be spending my time better in criticising those portions of the Budget to which I did not agree. But now the circumstances have changed. The Assembly has by an overwhelming majority of 73 against 52 rejected that demand, and in fairness to myself I wish to give the reasons which prompted me to differ from my non-official colleagues. The example of Japan was quoted in support of reconstruction being financed from capital, but I wonder why all the public men forgot an example nearer home. Are memories so short that the reconstruction of Bihar in 1934 from revenue was not remembered by a single person in the House? Sir, in financing the reconstruction of Bihar the Government went so much out of its way as to pay even for buildings for which neither the Government of India nor the Local Government were responsible. Most of the money was spent in financing the rebuilding of schools, hospitals, municipal and district board buildings, bridges, roads and those kinds of things. Nevertheless against that expenditure from revenue not a single responsible voice was raised in the whole of India, not even the Congress questioned the propriety of charging to revenue the cost of Bihar reconstruction. Now for Quetta the ultimate and primary responsibility is of the Government of India, and yet there has been a hue and cry. The reason for this is to be found in one word. Bihar was financed from a surplus and it would either have gone to reduction and avoidance of debt or to Bihar. It would not have gone towards remitting taxation, whereas in the present case the outcry is the result of nothing better than an indecent hurry to get remission of income-tax. Then, Sir, our own practice, the practice of years, to which no one has raised any objection, can be cited against financing this from capital.

THE HONOURABLE THE PRESIDENT: Is past practice inflexible?

THE HONOURABLE MR. HOSSAIN IMAM: No, Sir. But it is even the present practice. In this Budget we have passed crores of rupees for original works under different heads, without protest from non-officials. I shall give you some examples. Within the last six years, we have spent Rs. 10½ crores under the head of Military Engineering Service in the Army Budget for original

works of building and communication. We have spent on the average Rs. 46 lakhs a year on building construction under the head Watch and Ward. We have spent Rs. 32 lakhs a year on the original works under head "73-Civil Works."

THE HONOURABLE THE PRESIDENT: Your argument leads to the conclusion that no hard and fast rule could be laid down. It is a matter of convenience—a matter of financial convenience.

THE HONOURABLE MR. HOSSAIN IMAM: No, Sir. My argument was that past practice sanctions that reconstruction should be charged to revenue because it is not going to repay its way. That was the fundamental principle enunciated by the Honourable Finance Member that only that expenditure should be charged to capital which promises to repay interest as well as sinking fund charges. That principle is a very sound principle and I think the whole of my Indian friends believe in it. That is the reason why no one had questioned these expenditures on original works. In the last six years we have spent not less than Rs. 15 crores on original works and constructions, and yet for an expenditure of Rs. 7 crores in eight years on Quetta there is all this cry; and, as I said before, it is nothing more or less than the cry against delay in reduction of surcharges on income-tax. The Honourable the Finance Member said in the other House that this item should be debited to revenue, because it belongs to the class of expenditure—of which examples are very many in our Budget—of capital expenditure charged to revenue. That also shows that the public men of India have up to now allowed this heresy to continue unchecked because in their heart of hearts they believed in the principle of the Honourable the Finance Member. Sir, I have done with this Quetta item.

I now revert to questions arising directly out of this Bill. Last year the Honourable Finance Member referred to tariff reform. This year, too, in the other House suggestions were made during the Finance Bill discussion about the manipulation of the tariff, but I am sorry that in one whole year nothing has materialised. In the interests of the 80 per cent. of Indians it is necessary that our tariff should be modified in consultation with public men, with producers of primary products and with the manufacturers. I, Sir, as you know well, am not a protectionist by choice, but under compulsion of world circumstances I have sometimes to take up that attitude. But to me the old maxim, that the greatest good of the greatest number should be the ideal of a good government, has still an irresistible appeal. Sir, when we hear of this talk of industrialisation, I am grieved to see that my country is drifting towards the inhuman industrialisation which has been the bane of European countries. In a country with such a teeming population as India, with so much poverty, with so much unemployment, mechanisation and use of power can do nothing but demobilise our human labour and thereby reduce the purchasing power of the ultimate buyer, the 80 per cent. agriculturists.

THE HONOURABLE THE PRESIDENT: You want to go back 50 years.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, 50 years ago in the cost of production the labour charges were double what they are now; the number of men employed in producing goods were much more than they are now, and I challenge the Government to collect statistics and show if these are not the facts. Fifty years before, Sir, 90 per cent. of the cost of production was represented by three items, wages, price of raw material and profit of the

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distributor. Fifty years after, at the present time, what proportion do these bear? A lump sum of about 30 to 40 per cent. is taken out as overhead charges and interest on capital at charge, and service of the capital assets, depreciation and that sort of thing, thereby an enormous reduction is made in the purchasing power of the masses. Well, Sir, we have heard stories from commercial men of the losses that they are suffering at the present moment. The loudest in its cry is Bombay. But if we consider our own tariff at the present moment and what it was 50 years ago, you will find that Bombay's staple industry has received much more support than it had at that time. At that moment, as you will remember, there was a customs duty and a countervailing excise duty; we have no excise duty now. To that extent we have relieved them of their burden. In addition to that we have increased the protection.

THE HONOURABLE MR. SHANTIDAS ASKURAN: What percentage was the excise duty?

THE HONOURABLE MR. HOSSAIN IMAM: In former times it was 30 per cent. of the customs duty.

THE HONOURABLE MR. SHANTIDAS ASKURAN: I am asking about the excise duty.

THE HONOURABLE MR. HOSSAIN IMAM: Formerly excise duty was the same as the additional customs duty. Afterwards it was reduced and ultimately in 1925 it was abolished.

THE HONOURABLE THE PRESIDENT: It was 3½ per cent.

THE HONOURABLE MR. SHANTIDAS ASKURAN: Now we have got so many duties to pay, which you ignore.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, may we tell, the commercial men that when they start industries, it is their duty either to make sure of their return or not to start industries.

THE HONOURABLE SIR DAVID DEVADOSS: How could they decide that beforehand?

THE HONOURABLE MR. HOSSAIN IMAM: I will prove to you what truth there is in the story of losses of Bombay. The population of Bombay is 7½ per cent. of British India, but the taxable income of the Bombay-wallahs is 23 per cent. of the whole of India, that means three times the income which the other provinces of India have. That shows the true story of the poverty of Bombay. Then we find that while there is a reduction of 56 per cent. in the income of the registered companies, the reduction in the income of the firms and those who are managing these commercial concerns is only 42 per cent. Sir, it would give us some lessons and would silence many of the blind advocates of mechanised industry if the Government were to collect statistics about the wage bill of the industries of India. Has it increased *pari passu* with increased production? Has the number employed increased in the same ratio as the increase of production? Sir, industrialisation as a cure for unemployment has been exploded. When even England, the most

advanced industrial country, cannot give employment to 45 millions of its people, it is idle to think that in India with our servitude to a foreign power, we can give employment to 350 millions by industrialisation. Sir, I can understand the capitalist cry of further mechanised industrialisation, but I am surprised that those who pose as the champion of the masses should have taken up this cudgel for this form of industrialisation, because industrialisation had never, and has not and will never, cure unemployment, except if you have cottage industries. You cannot have a thriving home industry when there is competition between the mechanised industry and the cottage industry. Just as you have started a policy of protection for home produce from foreign competitors, if you want to save the cottage industry you have to protect it from the mill industry and that you can do, Sir, by means of tariff reform and the imposition of excise duties on the products of those power industries who compete with cottage produce as we have already done in respect of sugar to a certain extent. It is no new thing that I am advocating. (*An Honourable Member* : "What about competition from other countries?") What competition can there be? I can raise my tariff duty, as we did recently from 15 to 20 per cent. and from 20 to 25 per cent. (*An Honourable Member* : "And make the poor man pay!") The poor after all becomes the buyer as well as the seller, so that if he pays more he sells the produce at a greater price too.

I will cite to you, Sir, the example of France. For the last two years they have had an unbalanced budget to the tune of about £200 millions. And if you examine the index of prices in France you will find that it is very much higher than it was two years ago. Even an unbalanced budget has by economic reaction raised the prices, and increased the income as well of the Government. I came across it, Sir, in a recent issue of the *Economist*, dated the 29th February. (*An Honourable Member* : "What about the agriculturist who has to buy the cloth?") Sir, the agriculturist sells his grain at less than 40 per cent. of what he received in 1929 because there is no money in the country.

THE HONOURABLE THE PRESIDENT : Then by what method do you propose to feed the millions in India?

THE HONOURABLE MR. HOSSAIN IMAM : By giving them work for their leisure hours.

THE HONOURABLE THE PRESIDENT : But if there are no industries where are you going to give them work?

THE HONOURABLE MR. HOSSAIN IMAM : There will be the cottage industries, Sir, the home industries. If you have home industries, the people of the countryside will not be required to leave the village.

I will cite another instance, a very recent instance of the woollen industry. There too, Sir, I am indebted to the *Economist* for my facts and figures. Sir, we had an inquiry by the Tariff Board into the woollen industry and we found that, while the cottage industry and the mechanised industry have about the same amount of production, the number of people employed varies enormously in the two parts of the same industry. It shows for instance that in the mill industry there are 13 factories employing about 5,800 men, whereas in the cottage industry there are four lakhs of men employed. And this figure is taken from the Government's own records.

Then, Sir, Sir George Schuster, as long as he was here, declared it to be his first object to increase the prices of the primary products. But now, Sir,

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I find that in the regime of the present Finance Member there is no effort to attain this object. In reply to our Budget discussion on the 6th March, Sir, he told us that there was some sign of a rise in prices in India also. I wanted, Sir, to see the statistics and I am very much grieved to find that it is still three points below what it was in 1931. I am quoting, Sir, the figures for January, 1936 from *Indian Finance*. In 1931 the index number was 68·1 and in January, 1936 it was 65·0. In 1932 it was 64·5 and today it is 65·0. A rise of only half per cent. from the average of 1932 is all that has been attained for India whereas our Finance Member stated that there was an appreciable rise recently.

THE HONOURABLE MR. A. J. RAISMAN : Who has compiled that index number ?

THE HONOURABLE MR. HOSSAIN IMAM : That is your official Calcutta index number. Then I will give you the example of the United Kingdom. The *Economist* index number for 1932 was 67·7 and today it is 77·2, a rise of 10 points in England with a rise of ·5 points in India. If, as the Government say, Sir, we are on the same parity, and our currency has been reduced to the same level as that of the English sterling, why is there this difference ? I should like the Honourable the Finance Member or the Finance Secretary to enlighten us as to the cause of these apparently irreconcilable facts and figures. Given the same ratio, why should there be such a big difference ? I can give you my own diagnosis. The price in England has risen because the Bank of England has made efforts to increase the prices by means of regulations of currency. From the 21st September, 1931 up to the beginning of this year, the gold stock of the Bank of England was increased by £130 millions worth of gold and currency expanded. This statement, Sir, was made by Mr. Neville Chamberlain in the House of Commons. Whereas in India, as I said before, not a tola of gold has been bought. Then again, Sir, England has accumulated in its Exchange Equalisation Fund an amount of gold for which no facts and figures are published but which has been variously estimated at £100 to £150 millions. The third item, Sir, is that the amount of currency available in England is not directly dependent on the note issue because as we know, there the cheque habit has so far increased that you have an almost second kind of currency in the form of bank cheques, and of that, Sir, the volume is even more staggering, being estimated at between £1,800 and £2,000 millions. Here, Sir, whenever we have asked the Government to increase the amount of currency we have been cold shouldered. Sir, it will come perhaps not as news to the House but it will certainly be something which will make them think. During the last eight or nine years that we have been on the 1s. 6d. ratio we have contracted Rs. 65 crores of debt in order to contract the currency. One-third of our debts uncovered by assets are represented by nothing more or less than the contraction of currency. By contraction of currency we assume the silver note as well as the paper note. We are told that it has not been transferred to the Reserve Bank and is not the concern of the Government of India. Why then have a liaison officer ? If it is altogether a transferred subject, over which Government have no control, then there is no good having a liaison officer. We do not want that the printing press should take the place of the money market. That, Sir, would be real inflation. But to replace part of the contracted currency by means of inflation or reflation of currency would not only be welcome but it will be necessary if we want to have a rise in prices. You will never have a rise in prices as long as you do not

have recourse to this method. During the current year the Reserve Bank has maintained equilibrium; there has been neither contraction nor inflation of currency. They have only printed and circulated notes when they had got rupees. So that the Reserve Bank is doing more or less what was being done in the days before the creation of the Reserve Bank. What is the good of creating a Reserve Bank and saddling us with all the expenditure of payment of lakhs and lakhs to the Imperial Bank and all this paraphernalia of the Reserve Bank if it is not going to work in a manner different from a Government Department? Therefore, I want the Finance Department to make efforts to replace part of this loan annually; to reflate the currency by certain sums of money, so that the former debts may be redeemed. I do not want to go back very much; even if you go to 1st April, 1929, you will have to reflate the currency to the tune of Rs. 57 18 crores. That was the official figures which Mr. Tallents quoted last year.

THE HONOURABLE THE PRESIDENT: You have already taken 40 minutes. You know that many Honourable Members would like to speak.

THE HONOURABLE SIR DAVID DEVADOSS: He must cover everything, from China to Peru.

THE HONOURABLE MR. HOSSAIN IMAM: I never do that. I deal only with the financial aspects. I have never said anything about any of those grievances which is the general practice in the other House and even in this House. Sir, I have cited to the Finance Department the example of England. I can cite to them the examples of other countries too. We wish to know if there are any authorities which may be cited to the Finance Member, or whether the Finance Member and the Finance Department are a greater law unto themselves, from which there is no appeal. If that is so, we would be content even then, because then we need not waste our time in appealing to them.

Last year, Sir, I referred to the anomaly of having a Controller of the Currency who has no currency to control. Mr. Tallents was pleased to tell me that probably he will change the designation of the officer. I know that Mr. Kelly is too good a man to be wasted on a Department where there is no work to do. The ordinary day to day work, which comes now to the lot of the Controller of the Currency *minus* the currency is very small. Part of this work can very easily be transferred to the Master of the Mint and the other parts to the Reserve Bank. It is no good having an officer when there is no department. Mr. Tallents said that he acts as a liaison officer. I have enquired and I find that the Controller of the Currency attends only the meetings of the Central Board while the Reserve Bank migratory office is outside Calcutta. It is only when it happens to be in Calcutta and in the place in which the Controller of the Currency is himself present at the moment, that he attends the weekly meetings. If the work can go on for six months in the year without the participations of the Controller of the Currency in the weekly meetings, it can go on for a year too.

THE HONOURABLE MR. A. J. RAISMAN: The Honourable Member is wrong in his facts.

THE HONOURABLE MR. HOSSAIN IMAM: I have enquired and I say it with confidence that the Controller of the Currency does not participate in the weekly meetings in Bombay and in other centres of the Reserve Bank. It is only when the Central Board is in Calcutta that the Controller of the Currency attends these meetings.

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Then, Sir, I would refer to another aspect of the Reserve Bank, namely, the portfolio of securities. At the present moment we have in the portfolio of the Reserve Bank an investable sum of Rs. 118 crores, excluding cash and gold in hand and the rupees, the invested portion of the Reserve Bank is Rs. 117 crores. What do you think of an investing company which had Rs. 117 crores to invest and makes a return to you of Rs. 60 lakhs only? Would it be called by any one as a prudent management of the investment of the company if it does not give a return of more than half per cent. on the invested capital to those whose capital is invested? The reason is not far to seek. At the present moment, the whole of the 66 crores of our sterling securities held in the Issue Department are mostly treasury bills. This form of investment has been indulged into on a wrong idea of holding liquid assets. Liquidity of assets is a desirable thing, but it should not, I venture to suggest, be regarded as a fetish. In addition to that Rs. 66 crores, we have crores of external investments in the shape of balances held abroad, including cash and short term securities; there is an enormous amount of 21·39 crores so held. That is in liquid form and is rightly so. But to hold that enormous amount of 66 crores in treasury bills when the treasury market in England is unsteady and the discount rate is as low as 16s. per £100 is carrying the thing too far. It is pedantic and not sensible. Now, even if we do not bother about our sterling securities, if you only deal with the rupee securities of our Reserve Bank, instead of holding it in the form of intermediate treasury bills if we replace it by money market securities, we would have an additional income even from the 25 crores of our rupee securities of not less than 12 Noor. Rs. 40 lakhs, and it may be about Rs. 50 lakhs. As a Government Department it was right that it should hold in its portfolio mostly treasury bills or *ad hoc*s; but now that it has been transferred, the Reserve Bank should hold in its portfolio only such securities which they can, at any moment they like, disburden on the market and contract currency. Now, by holding treasury bills they cannot contract currency if they want to. There would be an additional income to the treasury if they held even moderate dated securities, say, of seven, nine or 14 years, from which they could get not less than 2½ per cent. while against this the last sale of treasury bills the discount was only eight or nine annas per cent. per annum.

Then there is another aspect of the Reserve Bank. Perhaps the House is aware that banks are being forced by their clients to lend money on gilt-edged securities at a rate lower than the present bank rate. That, Sir, shows that the bank rate is not in keeping with the rates that the money market demands. I would remind the House that on the 20th September during the discussion of a Resolution of mine I appealed to the Government to try and induce the Reserve Bank to reduce its rate from 3½ to a rate which would be either below or the same as the long-term borrowing rate of the Government on the quotations of the security market. I am glad that the Reserve Bank did reduce its rate from 3½ to 3 per cent. in October, 1935, but the reduction has not been as much as it should have been. The present rate of the Reserve Bank to enable people to deal in the securities market is about 2½ to 2¾ per cent.

THE HONOURABLE THE PRESIDENT : I do not wish to stop you from speaking, but it will be impossible for me to call upon other Members of your Party to speak.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, that means I am indirectly gagged?

THE HONOURABLE THE PRESIDENT : I have only a day and a half for this debate. I must give other Members a chance to speak.

THE HONOURABLE MR. HOSSAIN IMAM : It is always the same. The Government always bring this Bill so late in the day that we do not get time. The other House gets time on demands for grants to deal with all sorts of questions, but this House is always muzzled and gagged because it has not made itself felt and does not desire to retaliate. As long as we remain subservient and Christianlike and turn our left cheek when they strike the right, we will be treated like this.

THE HONOURABLE SIR DAVID DEVADOSS : A bomb would be better !

THE HONOURABLE MR. HOSSAIN IMAM : A time may come when even that will not be laughed at, and may become a reality if Government continue as irresponsible as they are !

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I do not wish now to say much because I do not wish to deprive members of my Party of the privilege of speaking on this Bill, but I do wish to say one word about the question which I asked the Honourable Finance Member during the Budget discussion—I refer to the repayment of sterling debts. Since we have gone off the gold standard we have contracted sterling borrowings of Rs. 56 crores or £42,000,000. If we had not taken those sterling loans we would have had a saving of 1½ crores in sterling interest charges, and it is only these external payments which have remained at the level at which they were before 1931 which are causing us all this trouble. When rich industrialised countries like England, France and Italy could not stand the drain of war debt payments to America, is it any wonder that we Indians also do not wish to be saddled with external payments ? What was the reason for the repudiation of debts by England, France, Italy, and all those countries who now pose as great champions of rectitude ? But we are being forced to repay the interest and other charges for all this expenditure. If Government does not take steps betimes to reduce its sterling expenditure I am afraid a time will come when it will become almost impossible for India to pay. Formerly we had a world market ; our produce found ready sale in the world market ; we had a balance of trade of enormous magnitude in our favour of from Rs. 80 to Rs. 90 crores a year. In emergencies we could repay in gold part of these external payments and yet not feel the pinch. But now when these industrialised countries have taken up the slogan of self-sufficiency, when even England is trying to produce as much of its foodstuffs as it possibly can, when Germany has put restrictions on imports of goods and we find the doors of every country being closed on us, how can we continue to pay ? You will find that during the last two months even our gold exports are showing signs of becoming exhausted. The figures of gold exports are very low. I do pray that it may be finished, and it will not be until it is finally finished that the Government will awake to the realisation of their position. As long as this gold drain continues it will act as the main spring of our external expenditure. Sir, I ask the Honourable Finance Member to assure the House that he has the sanction of Whitehall and the blessing of Threadneedle Street, for repaying the maturing Sterling Loan without fresh sterling loan. For the last four years our sad experience is that we have been given the shadow but never the substance of things.

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Personally, I am a great believer in giving relief to the poor, and if I had had the choice, rather than reduce the income-tax rates this year, I would have removed the surcharge on salt. The cost would have been the same. Removal of the surcharge on salt would have cost the same amount as the relief which is given to income-tax surcharge, and if that had been done we would have been on surer ground; we would not have asked the Government to unbalance the Budget but to substitute relief for those who deserve it, and not to give it to those whose claim is the least.

Sir, the certified Finance Bill cannot be amended, cannot be improved. It is beyond our power and beyond the power of the Treasury benches. Therefore we have no option but to oppose this Bill.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN (West Punjab : Muhammadan) : Sir, I rise to enter my strongest protest against the policy of the Government to deliberately reduce this House to a dignified debating club. I have used the word "dignified" because of your presence in the Chair, because as Honourable Members are aware, in 1929 the Government came to this House at about 3 o'clock in the afternoon and said, "We must pass the Finance Bill within two hours". Previously we found that the sittings of this Council did not last for more than a few minutes every day. It is only because the Government were good enough to give us a non-official Chairman that we are now able (Applause) to call this House a *dignified* debating club.

My objection to the consideration of the Finance Bill is based on three grounds. Firstly, Sir, in plain language when we hear the word "consideration" the meaning which it conveys to us is that we shall be at liberty to discuss various details, to suggest improvements, to make changes and alterations. Therefore I want the Government to tell us what they mean when they get up and say that the Finance Bill may be taken into consideration. If the House unanimously makes any alteration in the Bill, are they prepared to accept it, are they prepared to consider it? When they are not prepared to accept it, when they say that the constitutional position is such that if you pass any amendment that means that the whole Bill will have to be withdrawn, what is the object in Government coming forward and telling—

THE HONOURABLE THE PRESIDENT: The powers of certification are given under the Government of India Act.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: I am not concerned as to how certification powers are given. I will presently show that the Government of India Act does not give them those powers which they are using now. I submit that whatever the powers that they are given, why do they not come forward and tell this House that the Bill must be passed. It will avoid waste of time and probably the slight bitterness which naturally will arise in the minds of those people who will be discussing the Bill now—

THE HONOURABLE THE PRESIDENT: If you will please read the endorsement of the Governor General on the Bill, it is practically said that the Bill is to be passed into law.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: That exactly is my point. If the endorsement of the Governor General is that you must pass this Bill in a particular form, then what is the object of saying that the Bill may be taken into consideration? What is there to consider and what is

the use of my Honourable friend Mr. Hossain Imam saying that he will confine himself to the Finance Bill ? Is anybody going to take any notice of what he says ? Has anybody ever taken notice of what he says ?

THE HONOURABLE MR. HOSSAIN IMAM : Never !

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Therefore I confine myself to the objectionable procedure which the Government have decided to adopt in bringing this Finance Bill in its present form. The Government have different powers under the Government of India Act. In the first instance it is necessary for them to show that the Bill is essential for the peace and tranquillity of India.

THE HONOURABLE THE PRESIDENT : On that point the decision of the Governor General is final and it is not open to question.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Am I not entitled to show that there were different methods, and a different procedure, which the Government could have adopted, that the advice which had been given by Government to the Governor General in this particular respect was wrong and that there were better methods open to the Government ?

THE HONOURABLE THE PRESIDENT : You can speak on that point.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Thank you very much, Sir. If the Government originally thought that any material change made in the Finance Bill either here or in the other place would make it necessary for them to certify the Bill, then why was not the certificate attached when the Bill was introduced in the other House if the Governor General thought that the passing of the Bill in the present form was essential for good government ?

THE HONOURABLE THE PRESIDENT : After amendments were passed by the other House, the Bill in a recommended form was again placed before that House.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : My submission is that if the Government knew that any cut made in the Finance Bill would make it impossible for them to carry on the administration of this country, while introducing the Bill and before they asked the House to vote on the Bill they had the power under the Government of India Act to attach a certificate that the Governor General thought that the passing of the Bill as it was without any material change was essential for carrying out their duty.

THE HONOURABLE THE PRESIDENT : Unfortunately you were not in the Government of India then !

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : That is most unfortunate, Sir ! (Applause.) That is exactly my complaint that the people who are now in the Government of India—I will not say much merely out of respect for their personalities, not because they are members of the Government, but merely out of respect for their personalities—I will only say, that better people could have been in their places and they could have adopted better methods, and that is exactly why I object to this procedure. The Government failed to attach a certificate then. They have invited that the

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valuable time of the House should be wasted for several days. The cuts were made by the other House and there were only two—one was in salt and the other in postal rates. The Government could easily have drawn a distinction between these two cuts. They knew that the one cut, the salt, invoked a reduction of about Rs. 8 crores and that was carried by the votes of only one party in the other House and the voting in favour of that salt cut was only 44 or 43, if I remember aright. There were certain Members who always take pleasure in voting with the Government who were absent on that day and there were other parties which remained neutral on this Motion, not because they believed that it is possible for the Government to carry on their administration with a cut of Rs. 8 crores, but because they were so disgusted with the general policy of the Government that they thought that they could not feel justified in supporting them, whatever happens to their Finance Bill. The other cut, as far as the post card was concerned, was carried by an overwhelming majority; practically every elected Member in the House voted for the reduction of the rate on post cards. This involved a reduction of about Rs. 50 lakhs. Now, Sir, if the Government had any consideration for the feelings or sentiments of the other House or for the matter of that of any representative of Indian opinion, whether inside or outside the House, they could have easily said, "We cannot accept one, but we are prepared to meet you half way and accept the other". But as was only to be expected the Government decided to pursue a most unreasonable, a most defiant and a most insulting policy. Then the other course which was open to the Government was after those cuts were made to bring the Bill into this House; and I would submit, Sir, that this was the main intention of having a second Chamber, that if the other House makes a mistake it should be corrected here; if they are wrong, that mistake should be rectified here and I can give you instances when such a thing has happened—when the Lower House has made a mistake and the Government have brought that Bill into this House. Amendments have been moved here and those mistakes have been rectified, and I would go a step further and say that when the Bill has gone back to the other House they have accepted the decisions of this House. If the Government want me to give an instance, I will invite their attention to what happened in the year 1928 when certain cuts were made and they came to the Council of State to move amendments here, got those cuts restored, went back to the Assembly and the Assembly accepted the decision of this House.

THE HONOURABLE THE PRESIDENT: You have spoken already for 20 minutes and you have not at all yet touched the question of finance.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: May I most respectfully submit, Sir, that as far as my limited knowledge of the Government of India Act goes, there is no time limit for speeches on this Bill and certainly when the Government comes forward and asks me to vote supplies for them and I refuse, I have every right to tell them why I refuse to give them supplies.

Besides, Sir, I would submit that there is nothing in the Government of India Act which binds us to pass this Bill by the 31st of March. It is only our co-operation which makes it possible, and that we are always willing to give provided it is properly invited. We can assure you that now we will co-operate with the Government and with yourself, Sir, in seeing that the discussion is over by tomorrow, knowing fully well that we are not bound by any orders to finish the discussion by that time. And it was not for the first time last year that the Governor General had to issue an Ordinance because the Finance Bill

was not passed by the other House before the 31st March. Then, Sir, are we in such a helpless position that even the smallest protest from us, even the smallest desire of discussing a thing properly would annoy the Government and set aside all the rules and regulations and result in a new procedure being adopted for this House. I beg to submit that I am yet discussing matters of procedure which I think are closely related to the consideration of the Finance Bill. I have given instances and, Sir, if you will permit me, I will certainly elaborate this point as long as I can to convince them and to convince the public outside that the Government have deliberately chosen a wrong course. It is not only a question of the Finance Bill. The Finance Bill is in the background. I may assure you, Sir, that when the Bill comes in a recommended or certified form, the merits of the Bill are thrown absolutely into the background and it is only the political and the constitutional aspect which has to be placed in the forefront. What do you want me to discuss about finance? Are the Government prepared to make any change, are they in a position to make any change? If they are not, then it is our duty to tell them in the most emphatic possible language that this procedure is entirely wrong and is bound to create unpleasantness and bitterness, which it is the duty of every Government to avoid as much as lies in their power. Now, Sir, I can assure you that in this particular case I have not the slightest doubt that if they had adopted the sensible course, which was to bring us this Bill as passed originally by the other House and get the salt cut restored and take it back to the other House, the other House would, I am sure, have accepted the suggestion of this House and the Government would have been saved the unpleasantness of having to pass it under a certification and recommendation. If I remember rightly, Sir, in 1919 when these powers were given to the Governor General, in the House of Commons an amendment was moved to point out, that if they are going to give responsibility to Indians and they give this arbitrary power to the head of the Government, then how will these people feel their responsibility and how will it be possible for them to learn the art of self-government? And, Sir, there when an actual amendment was moved on this question, the late Secretary of State, Mr. Montagu, said that there was much force in that amendment, but he assured the House that when he said that the Governor General would have the power to certify a Bill when he considered it essential for the tranquillity, peace and interests of India. The emphasis was on the word "essential" and not on the word "interests". Therefore, Sir, the House of Commons was led to believe that these powers will be used only when such a course is absolutely unavoidable. Now, Sir, am I not right, am I not relevant in asking the Government to submit how, after giving us all these hopes, and making their position so emphatically clear in the House of Commons, that almost every year they turn round and say, "Here is a certified Bill: either accept it or reject it". Is it not absolutely forcing the House to protest against the present Constitution? Now, Sir, I beg to submit that this policy of the Government has already alienated the sympathies of even the most moderate and most reasonable politicians in this country. When the new Constitution comes—I do not know when it will come, but let us hope it will come sometime during our lifetime—when it comes, you know, Sir, that so far as provincial autonomy is concerned, the one thing which will irritate the people would be the special powers of the Governor. When the Government, just on the eve of the coming of that Constitution, is using their special powers in such a careless way, do you not think, Sir, that this will create a very strong prejudice against the new Constitution? So much, Sir, as regards the wrong procedure adopted by the Government.

Now, Sir, my second point concerns the general policy which the Government have pursued almost in all important administrative subjects during the

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past two years, and I will confine myself only to one or two aspects—I had intended to show the House that during the last 16 years since these reforms came into force the Government have not met even the most moderate demands of this country in any Department of the Government of India—but, Sir, as I am anxious that I should not take more time than I conscientiously believe is absolutely essential, I will save the House that trouble and will confine myself just to two things. First and foremost, there is the question of Defence. Now, Sir, I will not go into details, as every Honourable Member is aware that we feel greatly disappointed as far as the policy of Indianisation is concerned. It has been shelved by various subtle methods, the latest being that while the Government are taking 120 Indian cadets every year, the number of Europeans is not being reduced in the same proportion. What we meant by this Indianisation scheme was that at a certain time after 30, 40 or 50 years the numbers of Indians in the army should be 50 per cent. But when the number of Indians is being increased without decreasing correspondingly the number of Europeans, it is natural that the policy which was accepted by the Government should never take a practical form.

Sir, another important matter is helping the agriculturist and the unemployed middle classes in this country. In both these things the Government has failed hopelessly. I am afraid I have used the wrong phrase. They have made no genuine effort. For instance, Sir, the Reserve Bank has been established whose main concern we thought would be to help the agriculturist by relieving his indebtedness. What is happening at present, Sir? The Government in the local Councils are passing Acts which will make it impossible for the moneylenders to advance money to the zemindars. I am in favour of those Acts because they are intended to protect the agriculturist. But that will not be enough. That will create communal feelings; that will create racial hatred; and they would not help the agriculturist. If Government really wanted to help the agriculturist, they should have devised some means of advancing him money on reasonable rates through the Reserve Bank. When we broach this question, we are told that the Government are making enquiries, that it is a complicated subject, that it will take them a long time, that they have to collect statistics, they have to collect figures, etc., and I am sure, Sir,—this is a prophecy which I am making—when we meet in 1946, the Government will still be considering something, and nothing will be put into practice. That has been our experience. I will be delighted if this prophecy turns out to be wrong. But looking at the past policy of the Government, I can assure you that they will not bring into force anything in the near future. So much about the Reserve Bank.

We hear so much about the terrorist of Bengal, the communist of Bombay, and the communalist of the Punjab. This has become a very notorious unholy trinity. I really felt ashamed that we, coming from the Punjab, should still have the reputation of being communalists. But I assure you, Sir, that we in this country are in such a position that unless the Government actively participate in an enterprise, it is impossible for us to achieve success. Government, I boldly say, have not made any attempt to bring about communal unity in this country, neither collectively as Government nor severally as individual officers. On the other hand, Sir, if you see the list of honours, titles and decorations bestowed by the Government, you will find that for the last five or ten years they have made it a definite principle to bestow these gifts only upon those who are strong communalists and active leaders of communal organisations. I shall be glad if Government can give us even half a dozen instances throughout India where they have appreciated the services of people.

who are supporters of joint electorates or communal unity. Public service, according to them, means a service rendered to the Government in some mysterious way which we are not aware of. I can assure you, Sir, that if the Government of India want to bring about communal unity, they can do it within six months, and where all our pacts, all our leaders, have failed they can succeed. As far as the terrorists are concerned, I was pleased to hear the other day from the Honourable the Home Member in the other place that the present Governor of Bengal has started educating and training some of the detenus for some professions. I wish Government had started that policy 20 years earlier. Then there would have been no difficulty. It is only because one individual who luckily happens to be a far-sighted administrator, has got down to this constructive work, that this is being done. I am sure that within a very short period the terrorist movement will disappear from Bengal.

Similarly, Sir, unless the Government of India realise that if they are to work in the interests of this country, they have to change their administration, to change their system and above all to change their mentality. Unless they do that, there will be no peace in the country, and India will not make even the slightest progress. They are doing nothing to educate the masses. They know fully well that the success of the future Constitution depends upon how the voters exercise their right of voting. They know that at least 90 per cent. of them are absolutely illiterate. Having given them the franchise, they would not take any steps to educate them in its use. When the Government want that the progressive parties in this country should come and work the new Constitution and take offices and accept responsibility, they should also realise, that they are making it impossible for them to accept any of the responsibilities. Giving Rs. 2 lakhs or Rs. 10 lakhs or Rs. 20 lakhs from the Centre will not change the situation. It requires a Finance Member who is far-sighted, who is not absolutely in the hands of the Secretariat, who does not merely look at the last year's Budget, takes a pencil and changes the figures here and there, but a person who is determined on setting apart, say, Rs. 5 or Rs. 6 crores every year to help this unhappy country. Unless he does this, his efforts will be immaterial. I do not see much difference between Sir Basil Blackett, Sir George Schuster and Sir James Grigg. They are all the same. The Budget is exactly the same. In one year it is shown as a Rs. 50 lakhs deficit budget, in another year it is shown as a Rs. 50 lakhs surplus. To me, neither the one nor the other appeals. I want a radical change in the administration of the country and in the attitude of the Government, particularly towards the members. They have been here for a long time; they ought to appreciate by now that Indians happen to be sentimental people. If you treat them nicely, if you try to enter into their feelings, if you repose confidence in them, if you take them into your confidence, you will find them always willing to help you.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY :
Are their hearts always open ?

THE HONOURABLE RAJA CHAZANFAR ALI KHAN : It is only a doctor, a medical expert, who can say that. (Laughter.) I may assure my Honourable friends that they can take the best task out of Indians provided they know how to approach them. I know that in this House and in the other House there are quite a large number of well-intentioned, honest politicians of moderate views, of reasonable views, but they are all now up against the Government—and why? Because the attitude of the Government has been most defiant. Five years ago, if somebody had asked Mr. Jinnah, the Leader of the Independent Party, "Are you prepared to throw out the Finance Bill", he

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would have run miles away from Delhi at hearing these words. But now it has become an ordinary thing. Even the most moderate men think that the Government have degenerated to such an extent that they say, "What does it matter whether we give them supplies or refuse them supplies?" I want to restore in this country the dignity of the Government which has been rudely shaken and that can only be done if Government really try to meet us half-way and show some respect at least for the people whom they consider responsible representatives of public opinion.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay: Non-Muhammadian): Sir, once again for reasons beyond our control we find ourselves in this House faced with a Finance Bill certified by His Excellency the Governor General. In these circumstances, Sir, I can only indicate the changes which, in my opinion, would have made the Bill, if not satisfactory, at least acceptable to public opinion in this country.

Sir, I must express my deep disappointment at the inability of the Honourable Member to accept the proposal for reducing the price of the post card to half an anna. As I have already pointed out in my Budget speech this relief to the poor man would have been some indication of the Government's responsiveness for which the Honourable Member took credit last week.

Also, Sir, I feel strongly that the Finance Member should have turned down the proposal to eliminate the surcharges on income-tax and super-tax altogether. And here I must protest most emphatically against the reasons he has given for their retention. Sir, he speaks somewhat glibly, I fear, of economic recovery in this country. Does he realise, if I may give a concrete instance from my own city of Bombay, that whereas in 1928 in the Mulji Jetha Market, which is the chief business centre for cloth in the whole of India, there were 80 persons paying super-tax on incomes of above Rs. 50,000, there are no more than eight today paying super-tax on Rs. 30,000? This is not private information I have got. I have here a list which has been published by the Collector of Bombay for the purpose of the elections to the Council of State and it is there I have found these figures. I want to make that clear. Sir, even the spokesman of the European Group in the other House was moved to use the phrase breach of faith in regard to the refusal of the Honourable Member to remove the surcharges. I will content myself, Sir, with using a milder phrase and say that the Finance Member has shifted his ground in justification of his action.

Sir George Schuster had made it quite plain that the imposition of the surcharges was only for the purpose of meeting a crisis which was upon us at that time. But with the Honourable Member who has taken his place it is not a present, but a future contingency for which he thinks he should provide. May I ask him, Sir, whether he seriously thinks that a responsible Member of the Government is entitled to shift his ground in this manner, regardless of his predecessor's pledges? What value will the public attach to any pledges given by the Government if one Finance Member claims freedom to do so and for reasons different from those which impelled his predecessor to make them? Whatever signs of recovery he may see, those of us who have to do with business and industry are only painfully conscious of the heavy handicaps with which it has to struggle. Sir, the textile industry of Bombay is an instance in point. Suggestions have been made more than once of the several crores which are supposed to be taken out of the pockets of the consumer by the manufacturers of piecegoods as a result of the protective policy of the Government. Sir, I challenge anyone to prove that the textile industry is in a prosperous condition

today. On the other hand, Sir, I have clear proofs in my possession to show how serious is the situation in which the industry finds itself. This great industry which was once our pride and a source of prosperity to my presidency is at present on the verge of decay. Sir, does the Honourable Member know that in Bombay City, mills of the aggregate value of Rs. 11 crores have been closed down or reconstructed, the machinery of most of them scrapped and several thousand workers thrown out in the streets? The position of Ahmedabad is not much better. Sir, I learn that in Ahmedabad two mills have already been closed down, and about half a dozen other mills are on the point of doing so involving loss of employment for over 10,000 workers. In 1933 the mill industry in India made a loss of Rs. 134 lakhs including depreciation. In the following year also it registered a substantial loss. Are these indications of the prosperity of the industry?

Sir, I must draw the attention of the Honourable Member to the consequences of the importation of large quantities of artificial silk cloth into India. Only a few years ago, Sir, this sample used to be sold in the retail market in Bombay at Re. 1 to Rs. 1-8-0 per yard. But today the price has gone down to Re. 0-2-0 c. i. f. and Re. 0-5-8 *cum* duty. Can anyone claim that either we in India or any other country in the world with the exception of Japan can produce this class of manufactured cloth at such low prices? Another fact to which I wish to draw his attention is that this Japanese artificial silk cloth comes into our country in different forms of wearing apparel. The cloth is temporarily stitched—a device deliberately adopted in order to circumvent the extra duty of 100 per cent. because it is subsequently converted into ordinary pieces of four to six yards. The Government, I observe, is taking some action at last in regard to tents by proposing to raise the duty to 50 per cent. But, Sir, the action of the Government will not, I fear, check the importation in large quantities of pieces of two and a half yards in length to be sold in India for making shirts. In this matter the Japanese importers have been extremely successful, and the competition with Indian manufacturers has been of the most unfair kind. Sir, it is high time that the Government took effective and immediate steps to prevent the ruin of this Indian industry. Further delay, Sir, will spell disaster for the industry at no distant future.

Sir, considerations of time prevent me from going into a detailed statement on the similar position of other industries such as coal. I believe, Sir, the jute industry also will be in an unenviable position soon. There is ample room for my contention that the industrial position in this country is very far indeed from being satisfactory. In these circumstances, Sir, it should be the aim of the Honourable Member to do all that lies in his power to stimulate the growth of industry.

I have already referred to the plight of the textile and other industries, notwithstanding the profession of adherence to a policy of protection. But, Sir, is the position of the agriculturist any better? As I observed in my speech on the General Budget, the value of agricultural produce in India had fallen between 1928-29 and 1933-34 from Rs. 1,021 crores per year to Rs. 474 crores, a decline of Rs. 547 crores per year.

Let me now refer in detail, as an example, to the grower of Oomrah cotton. The price at present is approximately Rs. 160 per candy for this class of cotton. But what are the expenses which the producer has to incur from the process of sowing to that of actual sale in the market. There is the initial figure of revenue to the Government which I place at the lowest estimate at Rs. 30 per candy. The grower pays Re. 1 as cartage for conveyance of the crop from the field to the nearest ginning factory. He pays Rs. 12 per candy for ginning and pressing. Approximately Rs. 16 would be the railway freight to Bombay,

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to which I would add at least another Rs. 4 as incidental expenses in Bombay itself. In other words, Sir, the farmer is left with less than Rs. 90 per candy or a little less than Rs. 45 per bale for himself, his family and his labourers who help him in ploughing, picking and weeding. Sir, this is in regard to Comrah cotton which sells, as I have just said, at about Rs. 160 per candy. The price of Rajputana and Punjab cotton is even lower, being about Rs. 130 per candy. This, I maintain, is a starvation rate, even without taking into account the exactions of the moneylender.

Sir, as I pointed out in my speech on the Budget, is it not significant that the number of those who pay income-tax between the limits of Rs. 1,000 and Rs. 2,000 per year is extremely small in a country with our population? Does that show the existence of widespread prosperity? I would like to ask the Honourable Member to reflect on the point; which section of the public in this country has he succeeded in satisfying? The industrialists look upon his policy with great suspicion. The Honourable Member has no doubt said that India is being governed in Indian interests and not in those of Britain. Does he really ask us, Sir, to take that statement seriously? So far as one can see, no section of public opinion in India—not even, I would add, European non-official opinion—is satisfied with the policy of the Honourable Member. I am almost tempted to suggest to him that he should at least cultivate the candour of a distant predecessor of his, Sir James Westland, who admitted in 1894 that he did not approve the taxation proposals of that year, but had no alternative, because of the instructions of the Secretary of State.

Sir, may I at this stage make a brief reference to the fiscal policy of the Government of India? I note with some satisfaction the Honourable Member's statement that whatever his personal view in regard to protection may be, as a Member of the Government of India, he accepts the policy of discriminating protection. But, Sir, he will forgive me for saying that since he took charge of the finances of India there has been too much of discrimination and too little of protection. May I ask him what has been the fate of the reports of the Tariff Boards on protection to the glass and to the woollen industries? How long does he think an industry must wait before the decision is taken to grant or even to deny protection? His attention has already been drawn to the long delay which takes place in the reference of the claims of an industry to the Tariff Board and again in announcing the decision of the Government on the report of the Board. Nothing can justify, Sir, a delay of more than six months—and that too in special circumstances—in publishing the decision of the Government on the recommendations of a Tariff Board. Sir, far too much emphasis is now laid on the conditions which the majority report of the Fiscal Commission recommended as the basic considerations for the grant of protection. Can the Honourable the Finance Member tell us whether in other countries which have resorted to protective measures the dearth of any raw material necessary for an industry is held to rule out automatically the grant of protection? He will forgive me for saying, Sir, that the argument about the interests of the consumers being sacrificed is only an excuse for denying protection.

THE HONOURABLE SIR JAMES GRIGG: A very good excuse.

THE HONOURABLE MR. SHANTIDAS ASKURAN: I earnestly hope that the need for a new Fiscal Commission to revise the protective policy of the Government of India and to ensure to industry prompt and sympathetic consideration in its demand for assistance will be considered favourably by the Government.

There is one more problem on which I trust the Finance Member may prove more sympathetic. Sir, the Honourable Member has shown some active interest in encouraging the dairy industry in this country by a special grant this year. But may I ask him whether he thinks that this is adequate for the purpose, having regard to the fact that there is hardly any country in the world which has such a large live stock as this country—300 million according to the expert advisers of the Government of India. In the United States of America, Sir, with a total of about 180 million live stock the Federal Bureau of Animal Husbandry spends roughly an amount equal to Rs. 4½ crores per year, not to mention the considerable sum of money spent by the 47 States. So far as India is concerned, we do not spend even a crore of rupees taking the Central and Provincial Governments together. The Honourable Member must realise that with better feeding of the cattle, a more stringent control of animal disease and type, effective restriction of the slaughter of milch cattle and a proper marketing organisation, the amount of milk and dairy products in India can be increased to an enormous extent. I am sure he knows, Sir, that this will mean not only a welcome addition of several crores of rupees annually to the pockets of the farmer, but from the point of view of the improvement of public health, will be a great factor? Sir, this has been a long neglected field. The Honourable Member who, I am confident, is sincere in his desire to help rural development and increase the efficiency of the masses should, I suggest, apply his mind more actively to this problem.

Sir, I would like to turn now to conditions in my own presidency. In my speech on the Budget I pointed out how serious is the financial position of several provinces. In Bombay itself I take this opportunity to say we owe much to the strenuous efforts of His Excellency Lord Brabourne and his Government to cut down expenditure in order to make both ends meet. Sir, for a Provincial Government it is not a small matter to reduce expenditure from nearly Rs. 14 crores to about Rs. 12½ crores. Retrenchment, Sir, is a term which covers many ruthless measures. The pruning knife has been applied all round in order to bring about such a result. People have been thrown out of employment and essential services have been curtailed. On the other hand, Sir, new measures of taxation in the province have been devised. It must be remembered, Sir, that perhaps in no other city in India is the burden of municipal taxation so heavy as in Bombay. It has risen from Rs. 10 per head in 1911 to about Rs. 22 in 1934.

Sir, I claim with a certain amount of pride that Bombay has manfully striven to put its financial house in order and I do
 1 P.M. ask the Honourable the Finance Member to recognise that fact. We want no charity, but ask for justice. If Bengal, Sir, can get half her share of the jute tax, and she has made it clear that she will not be satisfied with anything less than the whole, we too in Bombay have ample justification for claiming the whole amount of import duty on raw cotton which is realised by the Central Government. I would point out in this connection, Sir, that it is the mills in the Bombay Presidency which consume most of the imported cotton, and the prosperity of Bombay is dependent, in the main, and indeed of the rest of the country, on the fortunes of the textile industry.

Sir, I would like to make one observation about the Indo-Japanese Agreement which is due to expire at the end of this year. In the negotiations which will precede its revision, I would strongly urge the Government to bring into one picture the various interests involved in the matter of the textile industry. If I may make a concrete suggestion, I would welcome a Tripartite Conference

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in which India, Japan and Lancashire would be represented on terms of equality. I am confident, Sir, that with goodwill and patience, a fair and equitable agreement can be reached acceptable to all parties, but under no circumstances should any one-sided agreement be forced upon this country, for that would lead to further deterioration in the conditions of our indigenous textile industry and cause misery to millions connected with it.

Sir, with regard to civil aviation, may I at the outset observe that it strikes me as an efficient and economically run department. There are, however, two items on which I would seek a little information. The first is an allotment of Rs. 2,11,000 for the forthcoming year as a grant-in-aid to the Indian Trans-Continental Airways, Ltd. If this grant is given to the Company because it is conducted by Imperial Airways, Ltd., and carries the English and Australian air mails between Karachi and Rangoon *via* Delhi and Calcutta, I have no objection. But I would like to know, Sir, why there has been an increase of Rs. 51,000 in the grant to the Company for the coming year. Secondly, Sir, I find a new item of Rs. 1 lakh under the head financial assistance to National Airways, Ltd. May I know, Sir, whether the Honourable Member accepts the principle of giving such assistance to all companies, whether old or new, which aim at speeding up internal communications in this country? If it be a general principle with the Government to assist all on the same basis, I have no objection to this financial assistance being given to a particular company. But, Sir, it must be a fair field for every one and no favour shown to one party. I would be grateful to the Honourable Member if he will explain to the House whether he would be prepared to offer similar assistance to new Indian companies which may be started in the future.

May I say a word, Sir, about the programme of the Government for developing broadcasting in this country? It will no doubt be a service of increasing value to all of us. But, Sir, I would request the Government to take into consultation commercial opinion, both Indian and European, so that broadcasting programmes may be made of the utmost possible utility to trade and commerce in this country.

We have been told, Sir, that Defence expenditure will not go down in the coming years, but increase by gradual stages. Sir, I am convinced that considerable economies are still possible, as I indicated in a speech not many weeks ago on the floor of this House, even without a reduction in the number of troops. Apart from that, I would like to add, Sir, that on the civil side too, especially in the Railways, there is scope for retrenchment. Sir, if I may cite the example of Bombay I would suggest to the Honourable the Finance Member to approach the subject of retrenchment in central expenditure in the spirit in which the Government of Bombay approached it a few years ago.

Sir, I hope the Honourable Member will not take amiss the criticisms which I have felt compelled to offer. I am anxious, Sir, to see the spirit of goodwill between Britain and India become increasingly evident in the years that lie ahead of us. The relationship between the two countries will grow more harmonious and confer advantages on both only to the extent that the Honourable Member succeeds in giving us convincing proofs of his desire to help the agriculturist, to assist the villager and to stimulate the development of industry in this country. May I remind him, Sir, of a statement which Mr. Snowdon, as he then was, made in Lancashire in 1929 on the eve of the general election in Britain that year? Mr. Snowdon is reported to have said that if the earnings of the Indian masses could be increased by a farthing a week, British trade with India would be doubled. Since that statement was made,

the value of agricultural produce in this country has, as I have already indicated, fallen by more than half; and not only have the Indian masses suffered great privations, but British trade too with this country has declined sharply. I am sure, Sir, that the Honourable the Finance Member realises that the prosperity of India and an increase in the purchasing power of the Indian masses will not only solve many of our economic problems, but have a beneficial effect on British trade with this country.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA (Bihar and Orissa : Nominated Non-Official) : Sir, it is an irony of fate that the Finance Bill is in the certified form. I venture to think that with a surplus Budget like the one which has been presented to us this year, it would have been possible to bring about more reduction of taxes if in the other place the heart would not have been allowed to overpower the head. It would have been, if I may say so, difficult for the Government to resist the demand of the Legislature if it would have been practicable. But, Sir, it is too late now to cry over it.

I take this opportunity therefore to make a few observations on the budget provisions in the hope that they will receive due consideration from the Government.

While I fully appreciate the proposals of the Government regarding the reduction of taxes on income, and provision for giving provincial autonomy a sound financial start, it is a matter of great disappointment to me that the emergency taxes still exist. When these taxes were first levied it was understood that the Government would remove them as soon as they could do so. We had hoped that Sir George would take the surcharge away. But what do we find? Even Sir James is not able to do so. Every year brings in fresh items of expenditure that take precedence over their complete removal. That is how the pledge has been kept! Heaven alone knows how long this is going to continue! I wish, Sir, to emphatically urge upon the Honourable the Finance Member that our protest should not be lightly treated and the removal of emergency taxes should be put down as the first item for giving relief to the taxpayers in the immediate future.

I need not say that I greatly value the solicitude of Government for rural welfare. Although it is primarily the duty of the Provincial Governments to deal with the problem, it will, I think, be a good thing if the Government of India as a co-ordinating body collects data, studies the conditions of the people as a whole, draws up a definite plan of country-wide development and constantly helps and guides the Provincial Governments to carry it out partly with its own resources and partly with the funds given to it by the India Government. Haphazard actions do not appeal to me. They do not take us very far. It is certainly one of the most pressing problems today and I think officials and non-officials alike should contribute towards its satisfactory solution. I wish the Rural Development Fund rapid expansion and I trust, Sir, that the Government will take every possible care to see that not a pice is misspent and the country gets full benefit from the taxpayer's contribution to the Fund.

In spite of what has been said in this House and elsewhere, I regret that I do not find myself in agreement with the Honourable the Finance Member with regard to his proposal for the reconstruction of Quetta from revenue. The city we all know will be reconstructed not only for the present generation, but for generations to come, and I feel that it will be unfair and unjust if the burden of taxation, instead of being distributed over as long a period as possible, is put on our shoulders. Paying the cost of reconstruction from revenue will, I am afraid, stand in the way of the taxpayer getting the full benefit

[Sir Kameshwar Singh.]

of a surplus budget for a long time, and in the event of a deficit budget in the near future, may result in much heavier taxation. I am strongly opposed to the idea of sacrificing the taxpayers of today at the altar of financial orthodoxy.

Sir, the imposition of the excise duty on sugar may be bringing a good revenue to the Government but it is to a great extent neutralising the effect of protection. The import figures indicate that foreign sugar still holds the market to an appreciable extent. Although the minimum price of sugar has been fixed, in my province the canegrowers are not satisfied with it and factory owners find the margin of profit to be so small that they are not in a position to pay more. This is indeed a very deplorable state of things. Sugarcane is one of the very few money-fetching crops for the agriculturist, and since the grant of protection industrialists have invested a large amount of money in sugar factories. Sugar plantation has consequently increased and it will be a great disaster if the sugar industry is allowed to languish. I hope, Sir, that both the Provincial and Central Governments will keep a close watch over it and help it to tide over its difficulties. In this connection, I am very glad to note, that the Government has allotted funds for sugarcane research and I am tempted to enquire from the Honourable the Finance Member what steps he is going to take to acquaint the farmers with the result of the researches and advise them about the best way of carrying on their agricultural operations. I think, Sir, that the Government should direct the Research Department, if they have not yet done so, to suggest practical ways and means for the improvement of agriculture keeping in view that the peasant population of this country is widespread and it is not in a position to take advantage of expensive and complicated devices. Further, the Government should take steps to bring agricultural materials within easy reach of the cultivators, so that they may not have to wander far in getting the necessities of better farming.

Before I conclude, Sir, I must express my satisfaction at the postal concession which the Government proposes to give. Apart from the actual relief to the correspondents in general it will save the unwary of them a lot of vexation which the inadequate weight had been causing them. While I quite appreciate that the extension of postal facilities is far more important than reduction in postal rates by three pies I hope, Sir, that in view of the general demand for the half anna post card, the Posts and Telegraphs Department will consider the proposal sympathetically and meet the wishes of the general public as soon as practicable.

With these words, Sir, I support the Finance Bill.

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

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

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir, whenever a recommended Bill is placed before us we are asked to perform a duty which is neither very congenial to the House nor congenial to the elected Members. This year once again the recommended Bill made its appearance before us for being passed in the form in which it has been brought to this House. The other House refused to sanction the imposition of the salt duty, and also suggested the reduction in the price of post cards from nine pies to six pies. As regards the salt duty, I must submit, that

so far as Bengal is concerned, there is a very strong feeling against this tax. The poor villagers of those districts, lying on the sea coast, feel that their rights of producing salt have been deprived. They have been precluded by legislation to produce salt even for their own consumption. They feel also that their right has been curtailed for maintaining a system of administration whose cost is beyond proportion. Whether right or wrong, the notion about the top-heaviness of the present form of administration exists amongst the masses. It is the duty of every one, whether a Member of the Legislature or a Member of the Executive, to remove such ideas from the minds of the masses. But so long as this idea remains in the minds of the masses, their representatives cannot do anything, but to suggest and press for the abolition of such a tax. This is exactly what the other House has done. I for one do not like to discuss whether the action of the representatives in refusing to vote for the salt tax is right or wrong. I am stating only facts. On the other hand, Sir, I am not unaware of the fact that it is not possible for the Executive to wipe off the tax by a stroke of the pen as demanded by the other House. If this is done, it will mean a huge loss of Government revenues. After all, the Executive will have to carry on the administration so long as the responsibility rests on them under the present Constitution. Whether we like it or not, the fact remains that the present Executive is not responsible to us but to the British Parliament. It is under the same Constitution that we are in this House today to criticise the actions of the Government. Sir, really speaking, we cannot have any quarrel with the Executive. If we have any cause for complaint, it must be against the Constitution which has not made the Executive responsible to this House but to the British Parliament. But, placed as we are, it is our bounden duty to place before the Executive, whether they accept them or not, the feelings of the people of this country whom we represent. Our position becomes all the more difficult before our constituents when we feel that we cannot even suggest any reduction or alteration in the Bill before us. Sir, here at this stage I must say that Government is in the wrong when they propose to get certified even the price of the post card to nine pies. If the Government could accept the amendment of the other House about the postal rates for the newspapers, they could as well have accepted the amendment concerning the post card rates. Had they accepted the post card rate amendment of the other House, the Executive would not have been left in the indefensible position they are in today. I am perfectly positive the Government would not have lost so miserably in the voting on the Motion in the other House for the passing of the recommended Bill. I must say here that though the Government is not responsible there is no bar to their being responsive to public opinion. There was no bar for the Executive to accept the reduction in the rate of the post card. The introduction of cheap postage is a boon for which the masses of India used to feel so very grateful in the past to the British Empire. During the war and after, to balance the budget and in the name of exigencies of the State, the price of the post card was raised from three pies to six pies and later on was further raised to nine pies. This present rate of the post card is really putting a premium on the spread of education. It must be admitted that the system of cheap postage is a potent engine which helps in the rapid spread of civilisation as well as of education. In India the Executive themselves, by their short-sighted policies, one of which is the retention of the salt tax against the wishes of the people have given rise to the mass movement against the present system of administration. I admit that the Executive do try to move with the times and the feelings and the sentiments of the people of this country but they are always too late. The retention of the present rate of the post card have further strengthened the agitation of the masses against the present Government. I know that the Government is very anxious to reduce taxation, and it is also a

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sure fact that they will at some future date meet the wishes of the people in the matter of the reduction of the salt tax and the post card rates, but as usual they will always be too late to catch the imagination of the masses. Sir, the Honourable the Finance Member has given in the other House, during the course of discussion on the recommended Bill, a categorical list of the measures taken by the present Government for the improvement of the conditions of the people of this country. I make bold to say that his statement is correct in every word uttered, but to my mind it would have been much more desirable if he would have left the advocacy of those things in other hands, self praise is no praise, even if the actions are praiseworthy. It is not for the Executive to praise themselves for their own actions, but it is for the people to praise them, if and when they deserve. The main foundation on which the British Indian Empire was established was the sense of justice and the sincerity of purpose of the British people in the past for the advancement of the cause of the people of this country. Unfortunately, the present day British statesmen are adopting the most short-sighted policy, and are alienating the sympathies of even men who are moderates in politics and who can very well be called the main pillars of the present structure of the British Indian Empire. In this present form of the Finance Bill, we are not entitled to do anything more than to place our appeal before the Government. I therefore appeal to them not to proceed in haste but to get the recommended Bill passed in its present form. I would appeal once more to the Government to accept the demands of the representatives of the people, at least for the reduction in the price of the post card. For the present I, for myself, will have no objection if in the matter of salt duty the *status quo* is maintained till the next budget when I hope Government will seriously consider and devise ways and means by which they can bring down the salt duty or at least take steps for the abolition of the surcharge on the salt duty. If the Government desire to remain in power they must take steps to satisfy the people, as the basic principle of every Government is the willingness of the people to acquiesce in the decisions of the Government. It is the moral duty of every Government to meet the wishes of the people as far as possible otherwise no Government can ever remain in power under any form of constitution.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern Non-Muhammadan): Mr. President, I greatly regret that the Finance Bill should have come to us in a certified and recommended form. In view of this fact it has become essential for us to consider whether we can support Government or not in the procedure which it has adopted. I know, Sir, that the Executive in this country is an irremovable Executive. I know, Sir, that the Executive has got to discharge certain responsibilities towards the British Parliament. I know, Sir, that in matters affecting defence, in matters affecting finance, in matters affecting law and order, in a Constitution like this the last word must remain with the Executive. These are limitations inherent in the Constitution, which we know only too painfully. I also know that the Joint Select Committee intended certification to be real, that they intended this power of certification to be used. The question therefore is not whether Government has or has not the legal power to certify. The question therefore is not whether the power of certification is a real power or is not a real power. The question really is this. Is the use of the power in the present circumstances wise and proper? That is the real issue before the House and on that issue I must respectfully differ from my Honourable friends opposite. Everything which we can do legally is not wise. There are many things that you can do under the law, but those are things that you will not do because statesmanship, wisdom, demands that you should not do those things. The question therefore

really before the House is simply this. Was it right, was it proper, for the Government to ignore all shades of opinion, to ignore not merely Congress opinion—I am not thinking of Congress opinion, I am thinking of other opinion which exists in this country—whether it was wise for Government to ignore all opinion and to treat all opinion irrespective of the fact whether it was extreme opinion, whether it was radical opinion, or whether it was moderate opinion, alike and to certify the Bill in more or less the identical form in which it was introduced in the Lower House? I say more or less, because in one minor matter an amendment was accepted and that has been incorporated in the present certified Bill. Now, Sir, our answer to that question would really depend upon what we conceive should be the relation between an Executive constituted like this and a Legislature constituted like this in this country. Sir, the question that I would like the House to consider is this. Is the course adopted one likely to lead to an atmosphere in which the work of the new Viceroy will become easier in this country, is the course adopted one which would rally round the Government the more reasonable, the more responsible, section of public opinion in this country, or is it one which would further alienate public opinion from the Government? I venture to say, Sir, with all respect and in all humility that the course adopted is one which will exasperate public opinion, which will not help the growth of a healthy Parliamentary mentality in this country and we want, we really desire, a healthy Parliamentary mentality to grow up in this country. I venture to submit, Sir, that the course adopted is one which will not help in the growth of a healthy Parliamentary mentality in this country; I venture to say that the course adopted is one which will accentuate ill-will and make Indian legislators and Indian Legislatures feel that they are helpless and powerless. I recognise that the present constitutional position is difficult both for Indians and Europeans. We do not—and I would ask my official friends to believe me when I say that we are quite sincere—we do not believe that your present economic and financial policy is sound. You on the other hand think—perhaps you have reason to think so—that our criticism is academic and theoretical. You do not believe in our views, in our point of view; we do not believe in your views and your point of view, and yet we have got to pull together, and how can we pull together if we will not approach our task in a spirit of mutual accommodation; and I say, Sir, with all sorrow that the Executive on this occasion has not approached the task in a spirit of mutual accommodation. That is the main reason why I must oppose the Finance Bill. I shall not go into the merits of the Bill. I think a procedure has been adopted which makes it incumbent on us to signify our dissent from that procedure and the only way in which we can signify our dissent from that procedure is by refusing support to the Finance Bill.

Well, Sir, I shall assume—I am not going to argue that point, but I shall assume—that the Legislature was wrong in totally abolishing the salt duty. Were there no other items besides salt on which Government could have yielded before bringing in a recommended Bill? Was it necessary for Government not only to certify a portion of the Bill which related to salt but also the portion which related to postal rates? What disaster would have overtaken this country if Government had agreed to a half-anna post card and financed Quetta out of capital and not revenue? I am sorry that on this question of Quetta I do not agree with my esteemed Deputy Leader, Mr. Hossain Imam. The House knows that Mr. Hossain Imam and I seldom differ, but it is just one of those matters on which I do not find myself in agreement with him. I think, Sir, that posterity should not be made to pay for the rebuilding of Quetta. For seven years our revenues are going to be mortgaged. No disaster would have overtaken the Government of India if they had yielded to the wishes of the

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Legislature and reduced postal rates and financed Quetta out of capital and not revenue. It may be that from a strictly financial point of views the Honourable the Finance Member is right in financing Quetta out of revenue and not capital, but, Sir, it is possible, I would suggest, to ride financial principles to death and I seriously suggest that the Finance Member has not approached the whole question from the point of view of broad statesmanship; he has approached the question, if I may say so, without meaning any offence, from the point of view of a treasury official. It is never right for a Government to act irresponsibly; an Opposition can act irresponsibly. It is the privilege of the Opposition to be irresponsible. You cannot expect an Opposition, and particularly an Opposition in a country like this, to be always responsible; but the Government stands on a very different footing, particularly a Government in the position of the Government of India. The Government of India is an irremovable Executive. The Government of India's main task at this supreme juncture must be to convince people that by Parliamentary methods they can achieve a real Parliamentary system in this country, and if you, the Government of India, act in an irresponsible manner or if you act in a manner which does not show sufficient responsiveness to popular opinion, then you destroy belief in Parliamentary methods of agitation; you destroy belief in Parliamentary institutions. Therefore, Sir, I say that the Government of India should have acted in a more responsive, in a more responsible manner. Sir, we on this side of the House are not opposed to co-operation. We do not believe in opposition for the sake of opposition. I can honestly assure the House, Sir, that we on this side of the House try to discover maximum points of agreement with you. But then we find that there are on some matters very honest differences of opinion between you and us. We have certain conceptions which you do not share with us. It is rather difficult for us on occasions to take exactly the same line as you take. Now, Sir, if that is the position, then it necessarily means this, that if we are to have co-operation there must be some mutual accommodation. There must be some spirit of mutual arrangement. If you will show no desire to listen to us, if you will show no desire to accommodate yourself to the extent that it is possible for you to do so to our views, then how can you expect us to be responsive to you? Sir, I do not think that it was necessary in the interests of India, I do not think it was necessary for the essential discharge of its primary responsibilities for the Executive to have this Bill certified and therefore I say that a procedure has been adopted which violates—I will not say the letter of the law—but certainly the spirit of the Constitution. I do not think, Sir, that the great author of this scheme, the Englishman who will always live in our memory, the late Mr. Montagu, who will always have a place in our hearts, could have anticipated that this kind of use would be made of the power of certification which is to be found in the Government of India Act. Was there no other course open to you except certification if you wanted the whole Bill preserved as it stands? I say, Sir, there was another course open to you. What was that course? The Government could have brought the measure as amended by the lower House to this House and moved amendments in this House. I may point out, Sir, that so far as our Constitution is concerned, no distinction is made between a money Bill and other kinds of Bill. So far as our House is concerned, it has got equal powers with the other House in regard to money Bills. I am not going to argue whether this is a good thing or a bad thing. I may have my own views as to what the proper functions of a second Chamber are. As the Constitution stands, the Council of State has co-equal powers with the lower House so far as money Bills are concerned. Well, Sir, the Government could have brought this measure to this House. They have

got a permanent majority here. There would have been no difficulty here in their carrying any amendment they wished to move in this House. Government could have moved the amendments they desired to move in this House and if this House had agreed to those amendments the Bill could have gone to the other House, the other House would then have been given another opportunity of reconsidering the issues involved and the Government would have in that way avoided certification. Why was that procedure not adopted? It may be said that there is no precedent for such a course. But, Sir, I have often said in this House—and I repeat it again—that statesmanship is greater than precedent. We have to create precedents and a precedent of this character would have been a healthy precedent for the future. It may be said that this procedure would have delayed the passage of the Finance Bill. Well, Sir, it might have delayed it for a few days but then there is the Ordinance-making power of the Governor General and you could have invoked that power to your aid. No calamity would have overtaken the country if the Finance Bill had been passed on the 5th or 6th April instead of the 31st March. But by this course Government would have shown that they were anxious to placate public opinion, that they were anxious to co-operate with reasonable sections of public opinion, that they were prepared to discriminate between those who believe in obstruction for the sake of obstruction and those who believe in what the late Mr. Tilak described as responsive co-operation. But, Sir, a very different procedure has been adopted and therefore it has become impossible for us with all the effort that we might make to support this Bill and indeed it has become necessary for us to oppose this measure. Sir, none of us wants to create further difficulties in the way of the new Viceroy. We may have our views and we have certainly very strong views in regard to the real character of the new Constitution. But, Sir, we all want to give the Marquess of Linlithgow a fair chance in this country and I would say, Sir, that the Government of this country is not giving the Marquess of Linlithgow a fair chance. By the procedure they have adopted, they have made the task of the new Viceroy more difficult.

Then, Sir, I would just like to make a few observations on certain economic views which were propounded by the Finance Member in another place. I know, Sir, that the Honourable the Finance Member holds those views very sincerely but the question of sincerity is really an immaterial one. The question really is: Are those views sound? Are we really on the road to recovery in this country? The tests are: What is the position of our export trade? What is the state of our index figure of prices? Now, Sir, I will not dilate on these points. The figures speak for themselves. The country is not on the road to economic recovery. At any rate it has not recovered to the extent to which the Finance Member would have us believe it has recovered. But the Finance Member in a speech which he delivered in another place went a little further and he demonstrated to his own satisfaction that the country is richer than it was in the days of Asoka, Akbar and others and that indeed the country is materially much better off than it ever was in any golden age, real or imaginary. Now, Sir, I am not one of those who believe in golden ages. I do not look to the past for my inspiration. I do not even look to the present for my inspiration. I look to the future. I have no desire to enter into historical disquisitions in regard to the past, but there are certain chapters in Indo-British relationships which we should both forget in the interests of both the races. Is the Finance Member really satisfied with the economic condition of India under British rule? Is it a compliment to British administration that after very nearly 150 years of British administration the average income of this country is only Rs. 82 per head per year and that there are not more than a lakh and fifty thousand people who pay an income-tax on an income of less than Rs. 2,000? India may or may not have been a country overflowing with milk and honey at

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one time of her history—we have no proper statistics of those ages but the Honourable the Finance Member has relied upon certain historical books and I can rely on certain historical books too. I have here a passage to be found in the monumental work of the great Elphinstone. This is
 3 P. M. what Mr. Elphinstone says about the state of Hindu India :

“ All the descriptions of the parts of India visited by the Greeks give the idea of a country teeming with population, and enjoying the highest degree of prosperity The numerous commercial cities and ports for foreign trade, which are mentioned at a later period (in the *Periplus*), attest the progress of the Indians in a department which more than any other shows the advanced state of a nation Arrain mentions with admiration that every Indian is free The army was in constant pay during war and peace The police is spoken of as excellent. Megasthenes relates that in the camp of Sandracottus, consisting of 400,000 men, the sums stolen daily did not amount to more than about £3 The fields were all measured, and the water carefully distributed for irrigation ; taxes were imposed upon trade, and an income-tax levied from merchants and traders. Royal roads are spoken of by Strabo and milestones Gold and gems, silks and ornaments were in all families ; the professions mentioned show all that is necessary to civilised life The number of kinds of grains, spices, etc., which were grown afford proofs that the country was in a high state of cultivation Their internal institutions were less rude ; their conduct to their enemies more humane ; their general learning much more considerable ; and, in the knowledge of the being and nature of God they were already in possession of a light, which was but faintly perceived, even by the loftiest intellects in the best days of Athens ”.

Then, Sir, speaking of the great days of the Moghul Administration in this country—and we, Sir, Hindus and Muhammadans, do not look upon Moghul rule as foreign rule ; it had become really indigenous rule—speaking of the great achievements of Moghul rule, Bernier, who visited India in the reign of Shahjahan, gives a glowing description of his capital. He speaks of his immense treasures, gold and silver and jewellery, “ a prodigious quantity of pearls and precious stones of all sorts ” and marvels over the incredible quantity of manufactured goods “ Embroideries, streaked silks, tufts of gold turbans, silver and gold cloth, brocades, network of gold ”, etc. Tavernier also gives a long description of the manufactured goods, and dwells with wonder on the “ marvellous peacock throne, with the natural colours of the peacock’s tail worked out in jewels, of carpets of silk and gold, satins with streaks of gold and silver, endless lists of exquisite works, of minute carvings, and other choice objects of art ”.

Then, Sir, Sir Henry Cotton, writes in his *New India* that when Clive entered Murshidabad, the old capital of Bengal, he wrote of it :

“ This city is as extensive, populous and rich as the City of London, with this difference that there were individuals in the first possessing infinitely greater property than in the last city ”.

Well, Sir, I said that there were chapters in the history of the relations of the two races which had better be forgotten by both in the interests of both England and India. As the Finance Member has chosen to refer to this aspect of Indo-British relationship, perhaps, Sir, the House will forgive me if I were to trouble the House with certain quotations in regard to what the East India Company did in this country in the remote days of British administration.

THE HONOURABLE THE PRESIDENT : Was not the Finance Member provoked to reply on that point by Congress Members in the other House ?

THE HONOURABLE MR. P. N. SAPRU : I do not really understand this word “ provoked ”. I am not here, Sir, to defend the Congress Members. But I should certainly say that a responsible Treasury Front bencher ought not to make statements light-heartedly ; he ought to make statements with a

greater degree of responsibility than spokesmen of a mass political organisation. Sir, if the House would rather that I did not quote, I will not quote ; but I have a number of quotations and I can supply those quotations to the Finance Member. I can supply him with numerous authorities which ought to make him pause and ask himself this question, " Was everything all right with the establishment of British rule in this country ? Were the methods employed just and fair and humane ? These are questions, Sir, which we might ask ourselves. We ought to have an introspective habit of mind in these matters.

THE HONOURABLE THE PRESIDENT : You do not for a moment suggest that when Government is accused of deceit, cunning and mismanagement, they are not to defend their policy ?

THE HONOURABLE MR. P. N. SAPRU : There are ways of defending policies. I think, Sir, one can defend one's policy without being offensive to one's opponents, without entering into the regions of controversies which do not relate to the present, but to the past. Anyway, Sir, I will not trouble the House with those quotations. The quotations are there. I can supply those quotations to the Honourable the Finance Member if he cares to have a look into them. I am sure he knows them himself. What I was saying was this, that it is one of the tragedies of the situation in India that neither we, Britishers, nor we, Indians, are absolutely intellectually honest in these matters. You have a certain point of view to defend ; therefore, you must invoke history and politics and economics to your aid. We have a certain point of view to push forward and therefore we must invoke history and economics and politics to our aid. I do not think that we shall ever be able to develop real intellectual honesty in this country unless our political relations are based on a new footing.

So far as the financial aspects of the Finance Bill are concerned, they have been commented upon and criticised by other speakers on this side of the House. I do not wish to go into those issues myself very much. But I should like just to stress one point, and that is, that we do desire now in this country a change in the monetary policy of the Government of India. An expansionist currency policy is always laughed out by our very orthodox financiers in this country. If the Honourable the Finance Member says that he does not look upon industrialisation as a panacea for unemployment in this country then I say none of us looks upon industrialisation as a panacea for unemployment. I am in favour of industrialisation, but I do not look upon it as a panacea for the economic ills from which this country is suffering. Even in highly industrialised countries, on account of the nature of the capitalist system, there is a good deal of unemployment. But then, what is the alternative to industrialisation ? The Honourable the Finance Member has never answered that question. But, as far as I have been able to understand him, he believes that we must ruralise India, that we must go on emphasising agriculture to the exclusion of industry : or, in other words, India must continue to remain an exporter and producer of raw materials for the benefit of countries which are manufacturing countries.

THE HONOURABLE THE PRESIDENT : I do not think you are putting a fair interpretation on the statement made by the Finance Member on that point.

THE HONOURABLE MR. P. N. SAPRU : I shall be glad to be corrected, but that at any rate is the general impression which his speeches have created

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in this country and it would be a good thing if he could remove that impression. Much of the prejudice—if I may use that word—which is connected now with the Finance Member is due to the growing belief that he stands for a policy not of rapid industrialisation but of ruralisation. I shall be glad if my speech gives the Finance Member an opportunity of contradicting this belief and clarifying his position. But what I was saying is, What are you doing to help the agriculturist in this country? Are you doing anything to raise the level of agricultural prices in this country? Government says, "We have a lot of sympathy with agriculturists: we are spending a crore of rupees over rural development". That is all right, but what are they doing to raise the level of agricultural prices? And the view which we have stressed here is that, in order to raise the level of agricultural prices, it is necessary for Government to follow a policy of moderate currency expansion. That policy, Sir, has been followed in other countries. It has succeeded as I pointed out the other day to this House, in Sweden; it has succeeded to a certain extent in the United States of America: I might quote the Report of the Director at the Nineteenth Session of the International Labour Conference:

"From the above survey it is evident that the countries with currencies depreciated since the depression have all improved their employment position to a greater or lesser degree. It may be asked, however, whether this result has not been less by depreciation itself than by the policies of internal credit expansion, cheap money, borrowing for schemes of national development or making money available on easy terms for private enterprise which abandonment of the gold standard made practicable. It remains to be seen what has been the effect of deflationary policies as practised by countries whose currencies have been maintained in a fixed relation to gold".

And, Sir, other countries which have benefited in varying degrees by action along these lines are Great Britain, Portugal, Canada and Australia. In the partial recovery effected in Great Britain depreciation of the currency and the various measures adopted to expand credit at cheap rates have played the principal part. To the latter cause must be ascribed the remarkable boom in building. The index for residential building (1928=100), which stood at 100·9 in 1931, rose to 155·3 in 1933 and to 173·4 in 1934. Most of this activity was due to private initiative, though it was helped to some extent by Government aid for slum clearance.

Sir, therefore there is nothing very revolutionary or very insane about the policies for which our business men, our industrialists and our politician stand. It is easy to sneer at them or to laugh out their policies. Unfortunately our industrialists and our politicians have no chance of carrying those policies into effect. You have had a chance of carrying into effect your policies, and we are certainly entitled to say that you have not succeeded and that we have never been tried. If we had been tried we might have done better.

Therefore I do not wish to take up more of the time of this House. What I would say is that I consider that it is our duty to vote against this measure, and we are voting against this measure with a full sense of responsibility. We feel that in the course Government have adopted they have treated all sections of public opinion, I will not say with contempt, but certainly unfairly, and having regard to the constitutional issues which are raised by certification it is impossible for us to support the Finance Bill and that indeed we must vote against it. These are all the observations that I have got to make on the Finance Bill.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce) : Sir, I join with Mr. Sapru in regretting the certification of this Bill, but I must say that I put it down to other causes than those to which he attributed it. I think that Congress having left a deficiency of some Rs. 10 crores in the Budget there was no alternative.

The Honourable the Finance Member has already made a speech on the Budget in this House but I am sorry to say I cannot regard it as a reply. He rather dealt with the matter on the line that if *A* says "Yes" and *B* says "No" they can neither of them be right, the one cancelling out the other. I say that *A* must be considered and *B* must be considered, and one of them may be right. He has in another place given his reasons for not accepting our views, and as far as we are concerned, we propose to vote for this Bill *in toto*.

Some Honourable Members have complained about the incidence of the salt tax. It does seem to me that the salt tax having an incidence on the people of something like five annas per head, as I understand, is a very reasonable tax and ought to be continued. And when you think that these people who pay their five annas get all the protection which another man gets who may be paying lakhs of rupees in income-tax and super-tax, I do not think he has any cause of complaint.

The Honourable Mr. Shantidas Askuran referred to the fact that eight members of the Mulji Jetha Market are now paying super-tax with a limit of Rs. 30,000 instead of Rs. 50,000 and eight were previously paying on an income above Rs. 50,000. I suggest that that indicates the cleverness of those with incomes between Rs. 30,000 and Rs. 50,000. As to his remarks regarding the mill industry, I would personally ask the mill industry to help itself first and ask Government to help it afterwards. Like a good many other industries in India it seems to think that Government ought to help it by indirectly taxing the poor. It has been suggested that other countries with high protective tariffs are in a better position than India. I must say I cannot agree with that at all.

As regards post cards, I am not in favour of the reduction suggested in the other House because I think we ought to regard the Posts and Telegraphs Department as a commercial department and we ought to be very slow to encourage any commercial department to run any portion of it at a loss.

With regard to Quetta, I must say that I am still unconvinced that Quetta ought to be rebuilt at all. I am strongly of opinion that it is a matter of communications and not a matter of rebuilding. It reminds me of Bombay 15 years ago, when they made a lot of land at vast cost when all they ought to have done was to improve communications, and we have been suffering for it ever since. But if you assume that Quetta must be rebuilt, then I agree with the Honourable the Finance Member and with the Honourable Mr. Hossain Imam that this should be done out of revenue, subject to this, that I assume—and I would like the Honourable the Finance Member to correct or to agree with me—that this money is being spent on replacing assets which have been lost and that those assets will not be producing a greater revenue than the assets which they are replacing. I personally think that if that is the case, to finance it out of borrowing would be only justified by absolute necessity.

Then there is one other point on which I am in agreement with the Honourable the Finance Member in principle, but I think he dealt with it quite wrongly. He agreed that you ought to be allowed to carry forward business losses for income-tax purposes. I think everybody agrees on that as a matter of fact; but I do think that if you agree that a tax is inequitable

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and wrong you ought to cancel it and put on a tax which is equitable and right. I think it is quite wrong to carry on with a tax which you admit is wrong.

Sir, I support the Bill.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I did not intend speaking, but I speak now because I find that the discussion has gone somewhat wrongly. It is being discussed too much from a scientific point of view. When I was young I got dyspepsia and I could not digest food at all; then the doctors came, *vaid*s came, but they were not able to do any good. My mother hit upon a plan. She said, "You ate too much and therefore you got this dyspepsia". Then she asked me to sit down to the meals. She got very good food prepared. She said, "This is the food. Just see; you do not eat it; if you eat it you will get dyspepsia". In that way she went on for 15 days and starved me during that period; at the end of the 15 days the dyspepsia was gone. Government might say, "If you cannot manage it and you always do wrong, then you will have no power on the Budget at all". The form has however to be kept. It might be sent to the upper House with an order that it should be passed in that form; if not it will become law all the same. It is just like my mother bringing food to me and showing it to me. That is how the Government of India every year presents us with this thing, and says, "Take care, you are not to eat, if you alter it, it will be taken away from you". Why do you make this farce? What is the good of this? They might as well have said the other House rejected it and the Viceroy makes it into an Act on his own powers. It is needless waste of breath here and my Honourable friend bringing large books and quoting from those things, hunting up political economy. What for and for whose ears? It falls on deaf ears. The Government of India Act should be amended in this way that if the Government wants it may submit the Finance Bill to the upper House and if they do not want to do so, not submit it at all. That would be a much more easy process than this. This is all I have got to say. I shall vote against it.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTY (Madras: Non-Muhammadan): Sir, I shall not take up the constitutional issue raised by my friend Mr. Sapru as to the powers of this House to alter the Finance Bill. My Honourable friend Mr. Khaparde very aptly put the whole case before the House and from his point of view it is a waste of time for the House to have discussed this Bill.

THE HONOURABLE MR. HOSSAIN IMAM: Are you going to vote with us?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTY: I shall let you know later on. My Honourable friend the Deputy Leader of the Opposition concluded his very long and interesting speech by saying that we could not do anything with this Bill because it has been certified by the Viceroy. That is the position, but unfortunately I find that the other House have gone at random and they went on and on and dropped altogether Rs. 10 crores from the Finance Bill. How is the administration to be run? They ought to have been careful to see that the Government could adjust their Budget. So far as the post card is concerned, I fell very strongly and I regret very much that the Government were not able to accept the decision of the other House. My Honourable friend Mr. Parker from Bombay just now

said that he does not agree with the reduction. As a matter of fact, villagers use a large number of post cards. I remember the time when we had the three pie post card ; then it was increased to six pies and then to nine pies. I was hoping that if the Government could not accept other amendments of the other House they would at least accept this amendment of the post card rate and fix it at six pies. When this was brought up in 1931 as an emergency measure, the Honourable Member in charge then, Sir Joseph Bhowe, with whom I had a private conversation about this, said : " I shall do my best to see it reduced in a year if things are getting on satisfactorily ; in 1932 we shall be able to restore it to six pies " ; but nothing has been done even in 1936.

Coming to the surcharge on income-tax and super-tax, my friend Mr. Hossain Imam said that he did not agree at all to reducing that. Probably it does not touch his pocket. But it does touch the pockets of many others here. I am very glad to see that Mr. Parker very strongly opposed it. He said and very rightly—that whatever we do, we cannot touch a certified Bill. That is the whole position. I therefore appeal to the Honourable the Finance Member, who I am sorry to say is not here, to give relief to these over-taxed income-taxpayers. Some concession is shown this year and I hope the whole surcharge will be wiped away next year at least so that the pledge given by Sir George Schuster might be redeemed. In 1931 he said that this was a temporary measure which would be removed as soon as possible. I find it went on even in 1934-35 and it is only in 1936-37 that a small remission is given. I do hope that in justice to the industrialists, merchants and bankers, the whole surcharge will be wiped away at least next year. I appeal to the Government of India to be more sympathetic in the matter of the poor man's communication, that is, the post card, and in the matter of other remedies which I have suggested. We have no option but to support this certified Finance Bill.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Mr. President, the maxim that he who pays the piper must call the tune does not seem to find much favour in the City of Imperial Delhi. Whatever is said in this place or elsewhere and whether the taxation proposal is agreed to by the Legislature or not the Executive must have it restored in its entirety under the special powers. The financial pandits are so very infallible in their calculations that a single departure from their proposal would unbalance the Budget and therefore needs must stand as it is in the interests of British India. It is not the only time that the Bill is before us in a recommended form. It has become almost a precedent that this certified and recommended Bill should receive the support of this Honourable House even if it be rejected in another place.

The Executive have not shown any regard to the criticisms in another House and has flouted public opinion entirely, which shows to what extent an unresponsive Executive, irresponsible to the people can go in their stubbornness. The sham nature of the reforms is clearly manifest before the public, and we get a foreshadow of how the special powers are going to be used in the next reforms.

I do not want to rush into constitutional issues, but, Sir, to my mind it seems it was not the intention of the framers of the present reforms that Government should fall back upon the Council of State in which there is an official majority to have a recommended Bill passed which did not find a passage in another place. In this connection, Sir, I will read, with your permission, a

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few lines from the Report of the Joint Select Committee on the Government of India Bill. It says :

" The Committee have no hesitation in accepting the view that the Governor General in Council should in all circumstances be fully empowered to secure legislation which is required for the discharge of his responsibilities ; but they think it is unworthy that such responsibility should be concealed through the action of a Council of State specially devised in its composition to secure the necessary powers ".

I ask the House to consider the implication underlying those words. My Honourable friends Raja Ghazanfar Ali Khan and Mr. Sapru have already dealt at length with the constitutional points, and I do not want to discuss them any further.

It is not within the range of practical politics for us in this House constituted as it is to alter or amend the Bill in any way, much less to throw it out altogether. It therefore follows that all our arguments and criticisms offered on the Finance Bill will be more or less of an academic nature. But at the same time it is our duty to ventilate our grievances before we vote the supplies not with the idea of destructive criticism but with a view to their being remedied in the near future. The first and foremost in order of importance which comes to our mind is the Defence Department—a department which spends Rs. 46 crores of public money. It has always been the subject-matter of much criticism and the target of attack both here and in another place. Particularly in view of the fact, that unless we are able to take a larger share in our defence we cannot aspire to become a self-governing dominion. That brings me to the vexed question of Indianisation. Much has already been said about this and I do not want to go into the details of this subject and I will only point out that the intake in the Indian Military Academy has not been increased in spite of the repeated demands of the public. We were told a few months ago that the right type of young men do not come forward for army service. But, Sir, may I know what steps the Government are going to take to ensure the recruitment of the right type ? What is the definition of the right type ? If we could get the right type for the Indian Civil Service, Indian Police and other all-India Services, why is there a dearth of young men for army service ? There must be some fundamental defect in the system of recruitment and it is up to the authorities to find it out and remedy it. Educated smart young men of good social position are turned down simply because they do not, to use a hackneyed expression, belong to the martial classes or because their distant relatives hold different political views.

The fact that Government is not taking as much interest as they should to improve horse-breeding in India calls for some comment. A large percentage of army mounts have to be imported from Australia, a system which does not speak well for the Remount Department. The Defence Department maintains, I understand, a Military Dairy Farm. May I know if it is run on commercial lines and whether the amount spent on the upkeep of this Department is commensurate with the gain ? A small percentage of the dairy produce is consumed by the army and the rest is sold to the civil population.

Coming now, Sir, to the administration of the Indian Territorial Force, I venture to point out that the way in which it is run is far from satisfactory and defeats the very object with which it was started. In Bengal where we have an Indian Territorial Force unit, for the last two years, for reasons best known to the Government, no annual training camp was held and the University Training Corps Battalion in Bengal was also deprived of its annual fortnightly camp training in the year 1934-35. If you do not train them up

how can you expect them to be efficient? There is a move I understand to reduce the strength of the Indian Territorial Force, including the University Training Corps units. Such an action is bound to create resentment in the minds of the public. It naturally drives the public to think, and rightly too, that Government do not want to make the Indian Territorial Force a success. After the reorganisation of the Indian Territorial Force and the Auxiliary Force (India) due to the recommendation of the Shea Committee, we expected that there should be very little difference in the treatment of these two sister units. But, Sir, in actual practice we find that it is not so. Whereas the Auxiliary Force are allowed to carry army rifles, the University Training Corps units are debarred from using them and carry D. P. rifles. The only time they get the army rifle is at the time when they fire their annual musketry course at the range. This shows that there is racial discrimination and distrust of Indians.

The recruitment for the Indian Medical Service calls for a great amount of criticism. At present the ratio of the recruitment of Europeans to Indians in the Service is 2 to 1. Not long ago, a Resolution was moved in this House by a nominated Member to alter this ratio, but alas, Sir, even a nominated Member could not get that Resolution through in this House. When the ratio of the Indian element in the Indian Civil Service is being raised to 50 : 50, it stands to reason that the Indian members of the Service would not mind being doctored by Indians. There cannot therefore be any reason why the same ratio should not be maintained in the recruitment of the Indian Medical Service.

I would like, Sir, to invite the attention of the Postal Department to the fact that one of the principal items of revenue is the telephone service which in the presidency-towns is at present being maintained by private companies at a great profit to their shareholders. Why cannot Government buy them up and augment their revenue from this Department? Money is cheap at present and they could easily raise a loan for this purpose. It would add considerably to their revenue and ultimately enable them to reduce the rates of postage. I do not want to say much about the reasonableness of the reduction in the price of post cards because it has already been supported by all the Members who have spoken before me. I only wish to associate myself with them in pressing for its reduction to six pies.

The Imperial Council of Agricultural Research, I would urge, should set apart some money for carrying on research work on jute with the possibility of this product being more profitably utilised than at present. It would help to raise the price of jute in Bengal and would mean prosperity for the poor peasant.

Sir, I am glad that the lower limit of income-tax has been raised to Rs. 2,000, and in this connection I would like to suggest to the Honourable the Finance Member, that the hill allowances should not be subject to income-tax. It would be a great hardship to the poor clerks who have to move up to the hills along with the Government if these allowances are subjected to income-tax deduction as it would mean an increase in the rate of income-tax.

Last though not least in point of importance, which calls for comment is the standard maintained both in the judicial and administrative sides of the High Court in Calcutta, and requires careful scrutiny. The relationship between the Bench and the Bar is not as it should be, thus hampering the administration of justice. The litigants suffer to a great extent. This has been the subject of much criticism in the local Council and people in Bengal are beginning to lose faith in British justice as administered in the High Court.

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There is an accumulation of work due to too many holidays and vacations. I understand there is a proposal to increase the number of additional Judges, but, Sir, what we want is quality and not quantity. I would venture to suggest that His Majesty's Government be approached to set up a Royal Inquiry Committee with particular reference to the standard of work maintained in the High Court.

Sir, before I resume my seat, let me once again appeal to His Excellency the Viceroy, who has always evinced great concern for the people of India and has spent the best part of his life in India, to reconsider his decision and reduce the price of post cards at least, an amendment which was commented upon with approval by every section of the House in another place. This will be an act of grace and will be very much appreciated by the public at large. It is not yet too late to be generous if he cannot be just.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay: Nominated Non-Official): Sir, inasmuch as I am neither a constitutional expert nor a commercial magnate, I do not propose to enter into the relative merits of the various questions raised. I would however like to say a word or two about some matters which are of importance for the people of this country. Before however I refer to these I would say that eleven autonomous provinces are coming into existence next year, and I wonder whether the principles and policies that have been enunciated by the speakers who have opposed the Finance Bill will be taken to heart by them, adopted and acted upon when they come to hold offices under the new Constitution?

Sir, the unprecedented increase of four crores in the population of India between 1921 and 1931, as also a further anticipated increase during the current decennium, has given rise to serious thought, whether the productive capacity of the country was capable of supporting it. There has not however occurred a *corresponding* increase in the cultivation of food crops; the deficiency has therefore to be made up by large imports. Extensive areas of land are lying fallow at present as owing to lower returns, through depression, it pays more to allow them to remain thus. The non-food crops, mainly for exports, absorb the rest. The main question is whether the peak of production has been reached and the soil has become so greatly deteriorated as to be incapable of producing more. A former Commission on Agriculture praised the industry of the Indian cultivator and his age-old method of ridge cultivation that ensures adequate drainage of the field. But the difficulties of inducing him to adopt newer methods have been almost insurmountable, and his apathy to avail himself of the same through demonstrations is not easy to overcome. On the other hand, he is too poor to profit by those. And here it is that the land mortgage banks, co-operative credit societies, etc., may be asked to expand their activities and come to his help by hiring tractors, and providing him with better seeds, manure, implements and encouraging him to adopt modern methods; if, however, this is not feasible, every *taluka* should have a demonstration farm to educate the cultivator. Rural uplift would thus follow. Then again the ravages made through catastrophes of nature have to be repaired and the ruthless methods of deforestation from indiscriminate felling of trees prevented. Though nature is often bountiful, it is man who is vile and destroys her handiwork. Lands have to be reclaimed from marshes, uncultivable and eroded land improved by scientific application, conservation of the rainfall, dry farming, etc., have all to be brought into the service of man. The Imperial Council of Agricultural Research has done and is doing much by its investigations, its practical results should be

made to percolate to the masses. If some such measures were adopted and if the results should incite his interest and even his cupidity, it is not unlikely that there will be considerable increase in the production of food crops. And when that comes to pass, the dream of my Honourable friend Mr. Sapru of an economic Utopia will be realised, and this land will flow with milk and honey. I appeal therefore to the Honourable the Leader of the House to signalise his tenure of office by devising suitable measures to this end and earn thereby the gratitude of the people. The time has arrived for a new orientation of our land policy. It has been said, Sir, that Government have taken no steps to increase the price of crops. I would have asked my Honourable friend, Mr. Shantidas, if he were present, whether it is not a fact that the agents of the exporters leave a good margin for themselves when buying up crops for their masters? When those are exported, they have to face world competition with other countries that produce the same articles; then there are exchange difficulties: in addition to lower rates when the crops are ultimately sold and all these factors go to lower the prices. No amount of Government help can increase price levels having regard to the above circumstances.

Sir, there is however another school of thought that believes that the salvation of India lies in industrialisation, with protective tariffs. There is however scant regard of the burden to be imposed upon the poor consumer who must pay for this expensive luxury. It is not my purpose to digress into the merits of this debatable financial question. Let us however look at the present conditions. The Department of Commercial Intelligence and Statistics has classified our industrial factories into 30 categories—that employ over 15 lakhs of workers. Of these, the operations for cotton, jute, railways and trams absorb nearly 10 lakhs. This labour is however mainly illiterate, unorganised and undisciplined, and is liable to break out into strikes. The so-called trade unions are not directed by methods that exist in other civilised countries. Much has been done for labour and improvement of its prospects. Industrialisation has however been followed in its wake, by mechanisation, rationalisation, automatic appliances, etc.—as even a robot can now pilot an aeroplane—and consequent unemployment. Look at Great Britain, Germany, France and the United States of America where the adoption of such measures have led to unemployment of millions of workers. In the United States of America at present there are 10 millions unemployed. The two countries where it does not exist are Japan and the Soviet Republic. The latter brooks no trade unions nor strikes, and every individual who refuses to work has to go to prison. Mills in Japan are worked by girl labour, who number from 2,000 to 3,000, in shifts of ten hours each. They operate 20 to 40 looms. They are housed, fed and educated on the premises and after three to four years' service they leave for their homes with their savings. There are no trade unions nor strikes. Japan proper has more than 60,000 factories, and two million workers in a population of 6½ crores, and the whole Empire 9 crores.

Last year, Mr. Oliver Stanley placed before the House of Commons certain data of unemployment in Great Britain. Of the 12½ millions who were registered under the Unemployment Insurance Scheme only about five millions claimed the benefit of the fund as they had been employed for 32 weeks in the year. Of the two millions described as unemployed 250,000 were employed for a short time, 90,000 were casual and dock labourers and 90,000 were boys and girls under 16 years just out of school. The total was thus reduced to 1·8 millions, two-fifths of whom had been less than three months without work and 400,000 had been without work for over a year. Is it possible that in India with its population nine times as large to introduce this or any other

[Sir Nasarvanji Choksy.]

scheme like that of health insurance, etc., for workers. Will the employers, employees and Government be able to contribute their respective shares? India cannot enter *ad hoc* into industrialisation with such grave disabilities? Sir, I would ask the House to envisage the sad plight of the Bombay mill industry that has existed there for well nigh three-quarters of a century. The President of the Millowners' Association said at its annual meeting on the 24th instant that most of the textile mills showed little or no profit last year and that competition internal and external had played an important part in making the marketing of goods unremunerative. And we are being directed to the panacea of industrialisation. I would inquire whether Honourable Members recollect the events of that great industrial strike that was intended to paralyse the British Government? It was temporarily staved off for a year by timely concessions and when it did come off as threatened, their organised measures were so complete that it failed. Even His Majesty King Edward VIII worked as an engine driver, and the best in the land—the educated classes, university students, boys and girls—all worked with a will to break it. That it was broken was due to the presence of the Government and the indomitable spirit of all classes.

Any further progress of industrialisation in India must be slow; it should be well planned having regard to the capacity, industry, goodwill of the workers and with the prospect of a good return.

Sir, I did not wish to say anything with regard to some expressions that fell from my Honourable friend Raja Ghazanfar Ali Khan about communalism. But I should have liked to remind him as to how communalism came into existence after a deputation of Moslem leaders had waited upon Lord Minto in the year 1910. They represented that they were the only loyal subjects of the King and that their special interests should be protected by Government. Lord Minto gave them an assurance that they were not likely to suffer and that he would see that their special interests were safeguarded. Sir, when Lord Morley heard of that, he did not appreciate what had been done, and I believe he remarked in his book that Lord Minto had put his foot into a thing, the consequences of which he did not and could not have foreseen. Well, Sir, those consequences we see now. It is to be regretted that he should have said that Government are honouring those who are for perpetuating communalism and not those whose object was to bring about peace.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHDAUR (Madras: Muhammadan): My esteemed friend Mr. Khaparde has very graphically described the process of tantalising to which the Members of this House are subjected by repeated presentation in this House of Bills in a certified form. He has very humourously but very rightly observed that it is like food being brought to you and placed on the table; it is very good food, inviting you by its appearance and tempting flavour to fall on it and eat it. But you dare not do that. All that you are allowed to do is to cast wistful glances at it, to smell it, so that your appetite becomes more keen and it becomes all the more necessary to appease your appetite; but that course is denied to you. Sir, the action of the Government in bringing this certified Bill to this House has deprived the discussion here of everything except an academic interest. I agree with my Honourable friends who have said that there were other and better courses open to the Government than to bring this Bill in a recommended form. I wish that those whose duty or privilege it was to advise His Excellency the Viceroy could have seen their way to meet the wishes of the other House at least half-way and made some concession to popular demands as put forward

in the other House. If, as has been stated by my Honourable friend Raja Ghazanfar Ali Khan, the Government had only refrained from certifying the measure and on the rejection of the original measure in the other House had brought it to this House and got the salt duty restored and along with it had seen its way to accept the amendment in regard to the post card rate it is just possible that if this Bill had then been taken back to that House the Assembly would have accepted the Bill and passed it and this situation would not have arisen.

THE HONOURABLE THE PRESIDENT : And suppose it had not accepted it, what would have happened ? Why do you say that that House would have accepted it ?

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : If it had been reasonable it would have accepted it.

THE HONOURABLE THE PRESIDENT : Ultimately it would have been certified in any case and it would have been a waste of public time.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : I do not hold that that House would have rejected the measure in all events. I am sure those people are not so impervious and are amenable to reason and would have been persuaded to accept the Bill if it had been brought back to them in a more acceptable form with the assurance that popular opinion is not altogether ignored.

Now, Sir, it is idle to contend that even in respect of post cards the popular demand could not be conceded. After all it cannot be said that the Budget proposals are so accurately framed and the revenue estimates so correctly made that even the slightest variation from them would upset the whole Finance Bill and dislocate the entire budgetary position. I do not think the finances of our country are in such an inelastic condition that even a slight variation is not possible. We see how year after year the surpluses estimated ultimately turn out to be very much in excess of the estimated figure. So it should have been possible to cover this cost by some means or the other. There was also this to be taken into consideration, that the reduction in postal rates would surely have resulted in increasing the volume of post cards used. In the first year the addition to revenue might not have been enough to cover the loss of that reduction, but in course of time, in two or three years the extra traffic would have more than covered the loss accruing from the reduction. Sir, year after year we have pressed our views in this respect. We have pointed out how the post card is the only means by which the poor man carried on his correspondence. We have pointed out how the increase in the post card rate from one pice to three pice has practically deprived the poor man of the only postal facility that was available to him and deprived him of the opportunity of communicating with his relations and friends. As has been pointed out, the Postal Department is meant not only to work as a commercial department but it has also got an educative object to achieve—communication with friends and relatives, communication with the world at large. Those are means of civilising people. This aspect of the department should have appealed to the postal authorities and they should have seen their way to effect the desired reduction in the postal rate. While on this subject I would like to offer my thanks to the Honourable Member in charge of this Department and to the Director General for having seen their way to resume the direct sea route mail service between Madras and Rangoon which had lately been given up.

[Saiyed Mohamed Padshah Sahib Bahadur.]

Now, Sir, as regards some observations that were made with reference to communalism, though I congratulate my Honourable friend Raja Ghazanfar Ali Khan on the able speech he made and the manner in which he has pressed his views as regards other matters, I differ from him in the views he expressed in regard to communalism. I wish my Honourable friend had steered clear of that, and of all people Raja Ghazanfar Ali Khan should have been the last to have stumbled over this hurdle because he is well known to be one of the most ardent followers of Mr. Jinnah. I wish he had taken his leader's own advice which he gave as recently as last night in regard to communal questions. Mr. Jinnah than whom there is nobody in the country who is regarded as being more patriotic or nationalistic, Mr. Jinnah in plain words deprecated all controversies about it, and said that Indians would do better to forget this question altogether, so that they might not fritter away their time and energy over this very insignificant question and direct their attention to things of greater importance requiring their immediate attention. Mr. Jinnah made it clear that even though he was dubbed a communalist, he was not ashamed of it. He was proud of being called a communalist; because he said that after all communalism in its right aspect was nothing of which one need be ashamed; he made it clear how the interests and rights of minorities have got to be protected and anybody who champions those interests need not be ashamed of any taunts and jeers that might be directed to him by people who possibly do not wish those other communities to fare quite as well as themselves. I wonder, Sir, what our friends mean by communalism when they level their attacks against it. Sir, communalism may not be an unmixed blessing.

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Nothing on this earth, nothing under the sun, is an unmixed blessing; so like every other thing in this world, communalism is not an unmixed blessing, but this very communalism would be an effective force, a very powerful factor, in the building up of the body politic, in the development of the country, if it only works on proper lines. Sir, if only the energies are directed on right lines, if improvement of a particular community or communities is sought for the purpose of equipping that community with the things requisite for discharging its duty in the body politic, if communalism is used for this purpose, I think communalism is not only tolerable but it is a thing which is highly desirable. Sir, India, as we know, is a vast continent with a heterogeneous population, with various classes and communities inhabiting it, each one of these communities and classes has got its particular special interest which needs to be protected as much as the interests and rights of the biggest majority in the land. My submission is that if these special interests of any community or communities are such as tend to improve the condition of the community without militating against the common cause, I feel, Sir, that this kind of communalism is a very wholesome, very healthy, institution and that it should be encouraged instead of being deprecated like this in season and out of season. Sir, is it wrong, is it unpatriotic, to espouse the cause of the weak, to assert the rights of minorities, is it wrong, Sir, for anybody to maintain that the rights of a minority, however small, however insignificant it might be, that the rights and interests of this minority will be treated as being quite as legitimate, as sacred, as inviolable, as the rights and interests of the biggest majority? Sir, I admit that in the awakening that has come about—and I am glad it has come and we are sorry that it has been very long in coming—I admit that in this awakening and in the scramble that we now see everywhere for power, there is a certain amount of confused thinking, but I feel sure, Sir, and I have every hope and faith that the world has not altogether discarded its ideas of justice and fair play, that the people have not become so unreasonable as to assert their own right of living without conceding the same

right to their own fellowmen. I know, Sir, that in spite of all those recriminations, all those anathemas that are directed against communalism, the heart of the country is sound ; the bulk of the people are convinced that communalism practised on proper lines is just the thing that would go to contribute to the common weal, because they know that the improvement and amelioration of any of the communities that compose the body politic would ultimately result in bringing added strength to the whole body politic. I know that the bulk of the community do not disapprove of communalism, do not disapprove of any steps that are being taken to improve the condition of any community, but on the other hand they do approve and subscribe to and wish to practise the motto of live and let live.

Now, Sir, as much has been said about the financial aspects of the Bill I do not want to take much time over it. I would simply refer to one or two points which I would like to bring to the notice of the Government. First and foremost, as has been observed by my Honourable friend the Deputy Leader of the Progressive Party, whenever there is a surplus and relief is sought to be given to people who have been taxed, the relief should first go to those as have the least capacity to bear the burden of taxation which was imposed upon them. So, Sir, I feel, judging by this rule, the Government have made a great blunder in giving relief to the richer classes, to the people who are in receipt of large incomes, by removing the surcharge, even though partially, on income-tax and super-tax. It does not matter whether the very person who gives this relief is affected adversely, but you have to administer a whole country ; when you have to look after the welfare and well-being of millions of people in the land, it does not matter if you have to suffer a loss to some small extent. Unless there is this kind of sacrifice, there cannot be any improvement in this land. Therefore, I feel that the Government would have been well advised if they had only refrained from or delayed giving relief in respect of income-tax and super-tax and on the other hand had come to the rescue of the poor man by reducing the postal rate, by reducing taxation which was recently imposed on some of the necessities of life as kerosene and matches. Just a word, Sir, about the industrial activity in the country. I feel in this matter exactly like my friend the Honourable Mr. Sapru. I feel that the economic condition of the country could not be improved except by industrialising the country, but I feel—I admit that there has been some effort at encouraging and fostering industries in the land, protection has been given to some industries—I feel, however, that we must redouble our efforts and see that the country is industrialised as quickly as possible, because not only will it help to vindicate the honour of this country which is perfectly in a position to take its proper place among the industrial countries of the world, not only will it go to add to the wealth of the country, but it would also go a long way in providing employment to most of the people who are now out of employment. Again, Sir, we know that our country is full of natural resources ; most of the natural mineral and other wealth lies untapped and if only industrial activity is enlarged, there is every possibility that most of the resources which have not been explored could be turned to good account. But while I am on this subject, Sir, I should like to emphasise the necessity of keeping the interests of the smaller industries at heart. What I wish to make clear is this, Sir, that while we are endeavouring to encourage and promote these large scale and factory industries, we should not lose sight of the cottage industries. Because, after all, what will really go to help the poor cultivator, the poor man in the village, will be these cottage industries. We know that more than three-fourths of the Indian population is agricultural, and however much they may turn to industry, not all of them will take to it and it is not in the interests of the country, Sir,

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that everybody should turn to industry ; there must be some people in agriculture also. So when we are going to improve, the industry of this country we should also have the interests of these villagers in view. We know, Sir, how conservative the people of this country are. The conditions here are such that most of the cultivation depends on the monsoons which are not very regular, and even when the rainy season is a satisfactory one there are certain months in the year when the agriculturist is without work, when there is no necessity for him to attend to his field operations. It is on such occasions that these cottage industries would come to his assistance. He is unwilling to migrate to any town, he wants to stay at home, near his field but he would like to be shown a way by which he could be enabled to eke out his livelihood. The encouragement of cottage industries would go a long way to fill his leisure hours with subsidiary work.

Sir, just one word about the economic condition of the country. It has been said that the country is on the road to recovery. I doubt very much, Sir, whether we would be justified in taking this view of the situation, however, much we might like to see that this view is justified. Sir, there are no doubt indications that foreign trade has improved but it has not improved to the extent that it might be made possible for the country to stop drawing upon its reserve. We know, Sir, that even though we have been paying for our imports, even though in these days of depression, the credit of India has been maintained high, it was possible only because there was some reserve in the country and people drew upon it. For a long time past, Sir, India had enjoyed a very favourable balance of trade and she was consequently in a position to store up a stock of gold and in this time of stringency that reserve has come to the rescue of the country. But this stock of gold is not inexhaustible. Most of it has already been spent and it is high time that we saw that this drain was discontinued. Therefore, I feel that so long as we still have necessity to draw upon this reserve, to fritter away all the reserve that was accumulated during all these past years, so long as there is this necessity, and so long as the favourable balance of trade is not restored, we cannot feel that the country has turned the corner and we are on the road to recovery.

Just before I sit down, Sir, I should like to draw the attention of the Government to the necessity of trying to improve the condition of the agriculturists in my own province of Madras. The necessity has been emphasised by most Honourable Members that something should be done to put up the price of agricultural produce. There is a general demand, Sir, in this connection, but I should like to draw the attention of the Government to the pitiable plight of the rice-growers in Madras. I know, Sir, and am grateful to the Government for it, that some relief was given to the rice-growers last year, but it was very meagre and has not cured the evil, and after all what relief was given was in respect only of broken rice. Relief is also wanted in respect of whole rice. In addition to this, Sir, I would request the Government to give some sort of protection to the cocoanut industry. In the west coast of Madras this industry is very largely practised and a large number of people depend entirely on this industry. I hope, Sir, the Government will be persuaded to see their way to impose a sort of duty upon Ceylon coconuts and give some relief to the cocoanuts growers in the west coast of Madras.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, the recommended Bill presented by the Executive does not deserve any consideration from the representatives of the

people in this House, as the Executive have not shown any consideration towards the feelings and the sentiments of the people of this country as and when placed before them. The present administration, Sir, is run with only one consideration and that is the exploitation of this country. Every action of the Executive is guided by the sole motive of sidetracking the real objectives by mere false promises and pledges never to be redeemed. The whole administration is based on mistrust and hypocrisy in the name of diplomacy. Sir, the distrust of Indians by the Britisher is only natural. After all, they know that exploitation can only be continued so long as the exploited nation do not realise that they are being exploited. History proves that once the exploited nation realise the game of their being exploited, there are always mass upheavals culminating in revolution. In order to guard against such contingencies the exploiters require a huge army of occupation. In India also in the name of Indian defence a huge standing army is being maintained. As a result of that distrust a strong contingent of British troops are being maintained in India to help the British people in exploiting the country on the point of bayonets. The hypocrisy comes in when the Executive tries to force us to believe that this huge military expenditure is required for the benefit of our country and for the maintenance of the internal peace of this country. Unfortunately, Sir, the people of India have by now realised about their exploitation that is being carried on in every field of administration for the benefit of only the United Kingdom and her sons. The huge expenditure of India for military occupation is costing her to the tune of about 40 per cent. of her total revenues. Out of this huge expenditure the major portion goes to England by way of pay and allowances of British troops and officers and their pensions. A huge sum also goes to England by way of purchase of army stores and increases the resources of England. Our masters are not satisfied with only exploiting us. But they want us to keep mum about this exploitation. If anybody ventures to stand up against this exploitation of my country he is dubbed as a rebel and is lodged immediately in one of the jails as one of the guests of His Majesty's Government. Sir, this is the reason why we find men like Mr. Subash Chandra Bose, Mr. Sarat Chandra Bose, Mr. Jawaharlal Nehru, Mahatma Gandhi, Dr. Ansari and Maulana Shaukat Ali and a host of others being imprisoned, interned or externed from time to time. The only fault of these brilliant jewels of India was that they succeeded partially to show to the people of this country as to how they are being exploited. The flower of youth of this country who are bold enough to stand against this British exploitation are dubbed also as rebels and revolutionaries and are interned without any trial. Sir, if these good services of the Executive to our leaders and the youths of the country by way of imprisonments, internments and externments are to be paid for, then of course we must sanction the finances required for the present form of administration. Let us now see the fate of those of my countrymen who wanted to create a favourable atmosphere in the international world outside India. Such of our men who wanted to go out of India, met with the barricade of the Government of India's Passport Rules. These Rules are more rigorous than the rules governing the entry and exit of convicts into and from the jails. Sir, men whom Government think have got power to wield their pen in foreign lands in creating an atmosphere in the international world which would be unfavourable to British exploitation of India, are refused permission to leave India or visit other countries. So far as India is concerned the whole country is nothing but a heritable big jail for the nationals of this country. This is not all. The irony of fate is that we are asked to pay for the services of those men who have framed these rules for transforming India into a jail and are guarding us as our jailors. We are asked to pay for the Departments of Radio and Telegraph which are not our

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properties and which the nationals of the country can not utilise for the advancement of the cause of our country. In all countries the speeches of the Ministers and the Leaders of the Opposition are allowed to be broadcasted for the purposes of information of the public at large, whereas here if the speeches of the Members delivered in the Legislature are published by newspapers, the presses of such newspapers are forfeited and the editors and managers penalised.

Sir, I ask whether any Government would have dared to restore a tax which has been refused by the elected representatives of the people in the name of governing a country. The salt tax is a tax which is obnoxious in principle and iniquitous in its incidence. This tax is paid equally by the richest and the poorest alike. Nay the poorer man pays more of this tax than the richer people. A poor man's food consists of a frugal meal consisting of a pinch of salt and a few pieces of *phulkhas* or a quantity of boiled rice. As he has got nothing else besides salt to eat his food, he naturally takes more of the salt than a rich man who takes various dishes prepared of sugar as well. Therefore the poor man pays more of the salt tax than the rich man. It is the most natural sequel that in obedience to the dictates of the masses their representatives rejected the tax, but our benign Government consisting both of white and brown bureaucrats, restored the tax in the Finance Bill, for protecting their own pay and the pensions of their predecessors.

Sir, now I come to the question of the income-tax. The very name of the tax shows that a man who has an income is asked to contribute to the cost of the administration. The richer men require the services of Imperial Police Service officers for the protection of their lives and properties. It is they who require the help and treatment from the Indian Medical Service officers in times of their sickness. It is the rich who require the services of the costly Indian Civil Service officers to administer justice in law courts for the protection of his rights of succession and rights of recovery of dues. It is therefore most natural that the richer business men must be made to pay more by way of taxes than the poorer men. But this benign British Indian Government is based on such a solid foundation of justice that they feel that the richer must pay less than the poorer men, as the former gets more services from the Government than the latter. Here a question may be asked, as to why should a Government deliberately levy less tax on the richer people than on the poorer men. Sir, the reasons are very plain. First of all the income-tax assesses and the super-tax assesses are mostly the European officials and the European business men and, secondly, the poorer masses are less vocal.

THE HONOURABLE MR. A. J. RAISMAN : Will the Honourable Member please mention in what cases Government levies less income-tax from the richer men than from the poorer men ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : I am coming to that very shortly. They live in starvation and consequently have got no voice to make it heard to the administrators living in comforts and luxuries in Olympian heights and in palaces situated far away from the villages.

Then, Sir, I come to the question of the postal rates. Here also the same old tale repeats itself—

THE HONOURABLE MR. A. J. RAISMAN : Will the Honourable Member answer my question, please ?

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : I have not sufficient time at my disposal. I shall go on with my speech.

THE HONOURABLE THE PRESIDENT : Order, order. You have made a very important statement and the Government Member wishes to know on what basis you have made that statement. You certainly ought to reply to it.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : I cannot say off-hand.

The post card is used by the village masses for communicating amongst their near and dear relations. The masses very seldom use an envelope. If statistics are taken I am positive it will be found that not more than 5 per cent. of the communications handled in village post offices are envelopes. Therefore, the poorer folks are not at all affected whether envelope rates are increased or decreased.

THE HONOURABLE MR. G. V. BEWOOR (Government of India : Nominated Official) : Sir, that figure of 5 per cent. is entirely wrong.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : That is my information. I am subject to correction, of course. (*An Honourable Member* : "It is being corrected".) They care more whether the price of the post card is reduced or increased. Sir, when during the war the Government of India wanted to balance their budgets in the name of keeping Indian credit in the international money markets the price of the post card was raised with the distinct understanding that this increase in the rates of post cards is an emergency measure. If that is so, what justification has the Government to keep the post card rate to 9 pies when the emergencies of balancing the budget are over ? The reason for this differential treatment is not far to seek. The first and foremost reason is that the richer people and the business men, both Europeans and Indians, are more vocal and are more powerful. Therefore the present Government in order to keep them satisfied reduced the price of envelopes first with a vain promise to reduce the price of post cards if and when the condition of the finances permit. As I said, Sir, the whole bureaucratic administration is based on the principle of taxing the masses for the benefit of the British officials and British capitalists. The Tariff duties levied under the Finance Bill has been so arranged that British manufactures may have an unrestricted entry into India at the expense of the Indian consumers. If I am to give a categorical list as to how a poor man is paying more taxes in comparison with the services he received from the Government then, Sir, it will be a volume by itself. By way of a passing remark I may say that the poor man's kerosene and the matches have also been taxed in the past in the name of giving them better administration in this country. Had India been independent or had she had a national Government then the Executive responsible for all these atrocious and iniquitous acts would have been lodged in places as the guests of His Majesty's Government. Sir, the present Executive have failed in their duties miserably in every field of administration. In the matter of rural development they have neither helped the landlords to improve their position nor helped their ryots in improving their position either. Landlords as a class have been ruined owing to want of facilities of credit in times of depression. It is the landlords who saved the British administration so many times in the past from their troubles but the reward they received from the Government was the callous neglect towards their present-day miseries. The collections from their estates have dwindled down to 30 to

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40 per cent. whereas they are to meet land revenues by borrowing at heavy rates of interest. The Government now-a-days only care to placate the business magnates and the industrialists. I will not be far from the truth if I say that the Executive are hand in glove with the Associated Chambers of Commerce and it is the latter who is running the administration from behind the scenes. It is a mutual help association between the British Executives and the British business magnates. At times when the increase in pay and allowances of Imperial Service officers are required the European business men will trumpet the cause of the Executive and in return the British Executive will go out of their way to arrange tariffs and trade agreements in such a way as to help the British capitalists to drain out India's resources. Even in the name of the protective tariffs the Executives would invite the British capitalists to start firms in India for ruining Indian industries. In the name of the purchase of stores of Indian manufacture they would always place orders with such firms as are run with British capital and British management. Sir, the whole British administration in India is a catalogue of broken pledges and false promises. The British Indian Empire was established with the help of Mir Zaffar by a false promise to him of making him and his heirs the Nawab of Bengal but Nawab Mir Zaffar was shunted out to make room for Mir Kasim as soon as the Britishers found that the latter will be more helpful in their exploitation. If history is to be traced the British Indian administration began with such false promises and this sort of diplomacy culminated during the war when India was promised Dominion Status and self-government. Those promises were made to get India's money and India's men to win the last Great War. Those promises of allowing nations the power of self-determination was the greatest hoax given by British statesmen to bring the war to a successful close in their favour. But those pledges and promises were never made for being redeemed. The result is that India today is poorer by so many lakhs of men and many crores of her resources. Even now the open door policy of the Executive in the matter of free export of gold from India is a proof positive that the British Executive here is to help the British business men to exploit to the best of their advantage. Sir, the Finance Member compared gold with any other commodity like coal or iron. I do not know how he compared this metal with other minerals, with which India is full. If coal or iron is exported India's resources of iron and coal are not depleted as she has vast coal and iron mines which may be said to be inexhaustible. But gold does not stand on the same footing. The quantity of gold which has once gone out of India is not to be replenished, as India is not the possessor of innumerable mines of this valuable metal.

Sir, in the face of all these things it is not possible for any Indian worth his salt to support the motion.

THE HONOURABLE THE PRESIDENT: I will now adjourn the Council till 5 P.M. for tea, when we shall sit again till 6-30 P.M. I shall call on Members on this side of the House (the Opposition Benches) to speak this evening, and I shall call on Mr. Raisman and Mr. Bewoor tomorrow at half-past two to address the House.

The Council then adjourned for Tea till Five of the Clock.

The Council re-assembled after Tea at Five of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT (to the Progressive Party) : Before we proceed, I would like to know how many Members propose to speak from your side.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Three.

(Three Honourable Members stood in their places.)

THE HONOURABLE THE PRESIDENT : Nobody else ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : No, Sir.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Sir the constitutional aspect of this certified and recommended Bill has already been so ably commented upon by my Honourable friends Mr. Sapru and Raja Ghazanfar Ali Khan that I do not think it necessary to dilate on this point any further.

So far as the merits of the Bill are concerned the Bill, being, on account of surplus in the Budget, devoid this year of some features which gave cause for non-official criticism in past years, is more acceptable to Indian public opinion than its predecessors in the past ; but it is a pity that the Government did not see its way to accept the verdict of the lower House even so far as the reduction of the price of the post card was concerned and got the major votes of that House reversed by the Governor General by the process of certification. True the Assembly's vote relating to registered newspapers for being carried on the present rate up to 10 tolas has been accepted and for this concession newspaper men will be thankful. But this is only a minor thing and is therefore negligible. In view of this unsatisfactory attitude of the Government, Sir, the Assembly was perfectly justified in rejecting the recommended Finance Bill.

Sir, so far as the abolition of the salt duty goes, it could be conceded that the Government might have found it difficult to adjust the Budget without the provision of the salt duty as its abolition would cost the Government about Rs. 8 crores. But the Government cannot reasonably plead any such justification in the case of reduction in the price of the post card. After all, the Assembly had voted for the reduction of the prices of single and reply post cards not to three and six pies as they used to be years ago, but to six pies and one anna, respectively. One pice off the price of post cards would have been greatly appreciated by the poor to whom every pie is precious. And the loss was only estimated at Rs. 50 lakhs. This was not such a high sum as the Government could not manage if they only had the will to manage. But they would not agree to it on the plea that post offices should pay their way and not be a burden on the general taxpayer. In advancing this argument in the lower House, Sir, the Government conveniently forgot that the postal department should not be considered merely a commercial department, with due deference to the Honourable Mr. Parker, but also a public utility department, because it is a department which is essentially doing good to the country. The argument of a certain thing being a burden on the taxpayer is trotted out by Government only when it suits their purpose to do so, but is conveniently forgotten by them when such matters as the top-heavy cost of the administration, the huge military expenditure and the like are placed before them by

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non-official opinion as being a burden on the taxpayer. Moreover, Sir, if the Government can vote away lakhs of rupees in subventions to broadcasting and air mails, why can they not do the same in the case of post offices to enable them to render service to the masses? A number of ways were suggested to the Government in the other place to make good the loss involved, such as by charging the Quetta expenditure to Capital, by the increased income that would accrue to the Department by reason of thousands of candidates in the next elections which are going to be held during the budget year spending such a good deal on postage, and several other methods. But the Government remained unmoved as ever.

And yet the Honourable the Finance Member talked of "responsiveness" in the course of his speech in the Assembly in moving the amendment restoring the salt duty in the Finance Bill. One wonders whether Sir James Grigg really thought that his recital of Government's acts of "responsiveness" would impress any student of Indian politics. The Finance Member cited among other things the withdrawal of the cotton excise duty as evidence of Government's responsiveness. But, Sir, this iniquitous impost, which was in force for 30 years, was only withdrawn when the Indian cotton mill industry was threatened with a collapse and when it was felt that such a disaster would create an unprecedented economic crisis. The policy of discriminating protection has been considerably modified by the introduction of the policy of Imperial preference. Even so, Sir James Grigg has made no secret of the fact that he is not in favour of even this very cautious and diluted policy of protection. On the major questions, such as the Indianisation of the army, a revision of the exchange and currency policy as demanded by public opinion and Indian commercial interests, development of the Indian mercantile marine, stoppage of the export of gold, etc., the Government has adopted an uncompromising attitude. These and other instances amply show how hollow is the claim of the Finance Member regarding the responsiveness of the Government. If the Government was really anxious to make a gesture of responsiveness they should have accepted the vote of the lower House at least in the matter of the price of post cards which would have cost only Rs. 50 lakhs. That they did not choose to accommodate non-official opinion even in this small matter shows which way the wind blows.

In the Demands for Grants we find on page 418 that the grant-in-aid to Indian Trans-Continental Airways has been increased by Rs. 51,000, *i.e.*, from Rs. 1,60,000 to Rs. 2,11,000, and a new item of expenditure refused by the Standing Finance Committee has been incorporated as financial aid to National Airways of Rs. 1 lakh. Will the Government please enlighten the House on what grounds these expenditures are proposed to be made? Is it the policy of Government to help all Airways Companies and, if so, at what rates? Or is it to be given only to the favoured few? Is it a fact that a favoured firm is getting Rs. 75,000 for the upkeep of the Viceroy's aeroplane? Could not the Army Department look after it and thus permit of this much money being saved?

Sir, the only relieving features of the Finance Bill are the abolition of income-tax on incomes below Rs. 2,000, the reduction of surcharge on income-tax and super-tax from one-sixth to one-twelfth and the small concession granted in the weight of letters and registered newspapers. This relief which the Government have given is of course being looked upon with appreciation. But there are still provisions in the Bill in regard to which the Government should have been more amenable to non-official opinion. But there is absolutely no hope of the Government being accommodating to the views

of the non-official Members in this House as it is a certified and recommended Bill and hence there is little prospect of the vote of this side of the House going in favour of the measure.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: non-Muhammadan): Sir, the Bill has again come to us in a certified form as last year, and I am afraid if the attitude of the Government remains adamant as it is, it may become an annual feature for years to come. The question is, what does it show? The lower House wanted two amendments and the Members moved them according to the wishes of the people. I do not agree at all with the abolition of the salt tax at one stroke because it would definitely tell upon the revenues of the Government. But, Sir, the time has come for the Government to show some consideration for this demand which is being made for the last 30 or 40 years. They could very easily have accepted another amendment for reducing the salt tax by four annas and bringing it to one rupee. If that gesture had been shown by the Government, I am sure the Members would have appreciated the attitude and the Finance Bill may have been passed in the other House and no certification would have been required.

Another amendment that was pressed in the other House and passed by an overwhelming majority was for the reduction of post cards from 9 pies to 6 pies. I think, Sir, that every Member of this House has expressed the desire that the post card rate should be reduced. I am aware, Sir, that if the rate for post cards had been reduced from 9 pies to 6 pies, Government would have lost Rs. 50 lakhs and if they could have accepted the reduction of the salt tax from Rs. 1-4-0 to Re. 1 they would have lost another crore and a half. These two amendments in total would have upset the Budget to the extent of about Rs. 2 crores. Now, Sir, let us examine and see if this amount was easily available in the Budget or not. The Honourable Members of this House are aware that Government is going to keep Rs. 1 crore and 97 lakhs in the Reserve Fund for giving a subvention to the provinces when provincial autonomy is inaugurated. We have seen, Sir, how the estimates of the Government for 1934-35 as well as for 1935-36 were not quite correct and there was a surplus of about Rs. 4 crores. Now, Sir, if out of this Rs. 1 crore and 97 lakhs they had met the wishes of the people and accepted these two amendments, there would have been no serious upsetting of the budget and all along satisfaction. And this stigma of bringing a certified Bill again this year would not have been required. As for the subvention to the provinces at the time of the inauguration of provincial autonomy, we are confident that when we have the actuals for 1935-36 we will have another surplus of about Rs. 2 crores or a little less. Then when we have a revised budget for 1936-37 there might be another surplus. And these amounts would have met the desire of the Government to give a subvention to the provinces. Sir, all this has not been done and a certified Bill has been again sent to this House. The position of a certified Bill has been thoroughly discussed by Mr. Sapru, Raja Ghazanfar Ali Khan and others, and I do not want to repeat these arguments and waste the time of this House. But, Sir, this sort of attitude of the Government to this House is most unfair. What is the situation? The situation is that we cannot have any amendments in this House. The moving of amendments becomes practically useless, because there is absolutely no hope of the Government accepting any amendments whatsoever, even if their effect is only very small, and if any amendment is carried, which is impossible in this House, the result will be that Government will have to withdraw the Bill. So, even if we move an amendment of one rupee, Government will fight it and let the amendment fail. The net result is that, as my

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

Honourable friend said, this House has practically become a debating society so far as the Finance Bill is concerned. It would have been better if only one motion had been made in this House that the Bill be passed. That would have saved much of the time of the Treasury Benches as well as to the non-official Members of the House. Sir, there are many reasons why we cannot join the Government in voting for the passing of this Finance Bill and I do not want to dwell upon them at this late hour. I would like to postpone dealing with them for the third reading when amendments, as we expect, are defeated in the House. We will then consider what our attitude should be. But, so far as this certified Bill is concerned, we are definitely against the principle and we are opposed to the passage of the Bill unless some better consideration is shown to our amendments.

(The Honourable the President then called on the Honourable Mr. V. V. Kalikar to speak, but the latter was not in his place.)

THE HONOURABLE THE PRESIDENT : I think it would not be fair for me to ask the Government Member to speak at this stage after the announcement that I made before tea, because some of the Honourable Members on both sides, thinking that the motion would not be put to the vote today, might have left the House. As the monourable Mr. Kalikar is not present, I have no other alternative now but to adjourn the Council.

The Council then adjourned till Half Past Two of the Clock on Tuesday, the 31st March, 1936.