

Tuesday, 31st 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.

Tuesday, 31st March, 1936.

The Council met in the Council Chamber of the Council House at Half Past Two of the Clock, the Honourable the President in the Chair.

INDIAN FINANCE BILL, 1936—*contd.*

THE HONOURABLE THE PRESIDENT : The debate will now be resumed on the Finance Bill.

THE HONOURABLE SIR JAMES GRIGG (Finance Member) : Sir, owing to circumstances over which I had no control I am very sorry that I was unable to hear more than a small part of the debate in this House and the main task of replying to it therefore will have to be left to others and I shall confine myself to dealing with one important question of policy.

The complaint was made yesterday, and with that complaint I have a good deal of sympathy, that for the second year in succession the Finance Bill reaches this House in a recommended form and that the debates here must therefore take on a certain air of unreality. So far as this is a procedural point, it was raised last year in this House and was dealt with at considerable length by the Law Member and I think I need not go over that ground again. But it is of course rather more than a procedural point, for at the back of the complaint is the contention that, although it was quite right to use the Governor General's special powers to restore the salt duty, it is quite wrong to do so for the purpose of restoring the present rate of postage on the post card. The argument runs something like this. Of course you are quite right in refusing to have your budget wrecked by allowing a hole of Rs. 8 or Rs. 9 crores to be made in it, but Rs. 50 lakhs is a mere trifle and if the elected representatives of the people ask you to make this surrender it is your plain duty to do so. In this calmer and upper air I do not propose to enter into arguments about the proper limits of responsiveness. I dealt with it fully in another place and the Law Member touched on it in the debate to which I referred a year ago. Nor do I wish particularly in this place to make counter accusations of irresponsibility. I simply want to confine myself to the argument that the refusal of a reduced rate for the postage on post cards was a mere act of wanton defiance and one which proceeded from no financial necessity. That I think is the summary of the argument which has been used so frequently in another place and quite frequently here, so far as I can gather from the papers. In the Lower House arguing on this very point I gave some comparisons with the United Kingdom designed to prove that Rs. 50 lakhs was not a matter of no moment in a budget of Rs. 80 crores. But I think it would be almost an insult to the intelligence of this House to argue that point at length, for it is indeed obvious that half a crore is a very substantial sum, and it is also obvious that the creation of a hole of this magnitude in the Budget does justify the resort to special powers, and indeed there are precedents for doing so in the case of sums of this order. I think the one I quoted in another place

[Sir James Grigg.]

referred to one of the earlier budgets of my predecessor when the powers of certification were resorted to because a cut of Rs. 65 lakhs a year was made in the yield of the salt duty. Admitting then that Rs. 50 lakhs is a considerable sum on a budget of Rs. 80 crores, the question boils itself down as to whether there is in fact a margin of Rs. 50 lakhs on the Budget or a sufficient chance of such a margin to justify our taking the risk of giving away revenue to this amount in additional postal concessions. And here let me say that I propose to leave out of account the argument that even if there is a margin of Rs. 50 lakhs on the General Budget it would not be right to create a deficit of this amount on the Posts and Telegraphs budget. That point will be dealt with by my Honourable colleague the Member for Industries and Labour in his remarks on the merits of the post card concession generally. I am merely arguing on the relation of that concession to the Budget as a whole. I think also that in this House at any rate I can leave out of account the argument which was used in another place that we could provide sufficient money for this postal concession without a budget deficit or any chance of a budget deficit by charging the cost of Quetta reconstruction to capital and not to revenue. With the very weighty and repeated support of my Honourable friend Mr. Hossain Inam on that point, I do not think I need argue the matter further. At any rate, with his support I am strengthened in my view that this was the least that we could do in the interests of financial rectitude. To sum up what I have said, it all comes to this, is there likely to be a margin of Rs. 50 lakhs on the Budget, or is it such a trifle that we can afford to take a chance in the matter? Now obviously I did not think that there was a margin of Rs. 50 lakhs at the time the original Budget was presented. If there had been or if I thought there would be, it was clearly incumbent upon the Government to submit to the Legislature proposals for allocation of that sum. Nor do I think that anything that has happened since makes it more likely that there is a concealed margin in the Budget. Indeed, both in the matter of the sugar import duty and the revenue from the salt duty—in the latter I think, owing to the vagaries of another House, there may be certain postponements of clearances which may disturb the salt revenue quite considerably—but anyhow, whatever the cause, both in the case of sugar and in the case of salt there have been somewhat disturbing declines in the revenue receipts. Well, if there is in fact, or if we still think that there is in fact no margin on the Budget, then that leaves only the contention that this is such a small sum that you can afford to take a chance in the matter and if all goes well the chance will come off and your Budget will not be unbalanced after all and the elected representatives of the people will have got what they want. But even supposing that is true, which as I have just said I do not believe and there is no evidence that that is the case, even if that is justified, it is not the whole story. Even if on this basis we squeak through the year 1936-37, the year which starts tomorrow, what about the following year 1937-38 and the years following that? In the Budget speech I tried to show that, assuming that 1937-38 is the first year of provincial autonomy, there would be additional liabilities of something like Rs. 5 crores a year to meet. The net cost of the separation of Burma will be Rs. 2½ crores, and I was reckoning for purposes of calculation a sum of something like Rs. 2 crores as a result of the Report of Sir Otto Niemeyer, and I said that the normal growth of revenue plus this revenue reserve fund of Rs. 2 crores which has just been created would barely suffice to meet that extra burden. As I said just now, this was on the basis of the Niemeyer Report involving an immediate devolution of revenue to the provinces of not more than Rs. 2 crores. It was a figure adopted for purposes of calculation. We do not know whether it will be more than that.

I personally think it can hardly be less having regard to the needs of the provinces as disclosed in their budget deficits. But if he does recommend more than Rs. 2 crores, we shall have a very difficult task in balancing our Budget in 1937-38 anyhow unless—of course there is always an unless—unless improvement in general economic conditions is going on more rapidly than we think. But here again of course the people who advance the contention I am now dealing with as usual are trying to have it both ways. They first say there is no improvement at all, the position of the country under this monstrous British rule is disgusting, disastrous; nevertheless there is plenty of money to give away. It is the usual way in this country of having it both ways. Incidentally of course the Rs. 50 lakhs loss of revenue involved in the reduction of the post card rate is a recurring loss. It is no good people saying that the growth of the use of the post card will restore that loss in a very few years. Nothing can get away from the fact that for quite a number of years the loss of revenue will be of the order of Rs. 50 lakhs, because Rs. 50 lakhs is arrived at after assuming some growth in the use of the post card. But if we then give away Rs. 50 lakhs a year, there will quite clearly be an additional gap of Rs. 50 lakhs to meet in the year 1936-37, but also there will be the same gap to meet in 1937-38 and the following years; and I say, after having given to the calculations and forecasts the best attention and skill available in the Government of India, that we cannot simply rely on furnishing the amounts necessary to finance the first stage of the reforms without running ourselves into deficit for several years in succession. The deficits may not be very large, but they will be there, and even a small continuing deficit has a very serious effect on the credit of the country. Now, as I said in the Budget speech—and I have repeated it over and over again since not with very much effect on the minds of the people to whom it was said—as I said then, I believed that my primary task is to see that the first stage of the new reforms, that is provincial autonomy, should not be wrecked on the inability of the Centre to provide money for seeing the provinces start off on an even keel, or alternatively by putting the provinces straight the Centre should not run itself into deficit year after year, with the effects on the credit of the Government of India which I have just referred to. This being so, the Government of India are not prepared to take undue risks this year and we say that the surrender of Rs. 50 lakhs of revenue which is not in sight is an undue risk; and when the Assembly which after all has not the final responsibility in this matter tries to force us to take risks which we do not think to be justified, we consider that we are justified—in fact we have no other alternative—in having recourse to the special powers which the Constitution confers upon the Governor General. That, Sir, is the main contention, the point of policy, which was dealt with in yesterday's debate. Having heard very little of the debate, that is the only point which I propose to deal with. But I would like to add that I apologise to this House for not having been able to attend and hear more of the debate and deal with it more fully in my reply. (Applause.)

THE HONOURABLE SIR FRANK NOYCE (Industries and Labour Member): Sir, a Member of Council who comes occasionally to the calm and restful atmosphere of this House from the turmoil and excitement of the other House is at a serious disadvantage, especially in dealing with a Bill such as that before the House this afternoon. He can only repeat or rather say over again in rather different words the case he has put before the other House and he can never be quite sure how far this House wishes a case which has been elaborately stated in another place to be gone into with equal elaboration here. He is naturally anxious to pay this House all the respect that is due to it; he is not quite sure of the exact measure of respect that the House would like him to pay

[Sir Frank Noyce.]

I am at a special disadvantage this afternoon as I was not here yesterday and in this connection I can only repeat the apology for absence which has been made by my Honourable friend and colleague the Finance Member. I think the House is aware that I was engaged in an important debate in another place.

I went at very great length into the financial position of the Posts and Telegraphs Department in the other House and I doubt if this House would wish me to repeat all that I said there. I overwhelmed that House with facts and figures, but I think it unnecessary to state them again; I think the House would merely wish me to bring out a few salient facts. Those salient facts are the budget estimates and results for 1935-36 and the estimates for 1936-37. The estimated results of the working of the Posts and Telegraphs Department in 1935-36 are a profit of Rs. 6 lakhs against a budget estimate of a deficit of Rs. 13 lakhs. Our reasons for budgetting for a deficit were that we were restoring the remainder of the cut in pay costing about Rs. 28 lakhs, we were also restoring the contribution to the depreciation fund at a cost of Rs. 19 lakhs, though this was still some Rs. 10 lakhs short of the figure required on the expected basis of assets and we also had to provide Rs. 15 lakhs for annual increments in salaries. Our estimates of revenue have fortunately been exceeded and in the revised estimates we were able to take credit for an increase of Rs. 30 lakhs over the 1934-35 figures. This improvement in revenue has been due partly to a general improvement in trade conditions and partly also to the intensive publicity work the Director General is carrying on. Another reason for it is that we have not relaxed our efforts to economise—that is a point on which I shall have to say more later. On the expenditure side we have had to meet unexpectedly heavy charges in pensions. Those increased charges came to Rs. 26 lakhs more than we had anticipated owing to the fact that the effect of the extent of retrenchment that we have made in recent years on our pensions budget had not been sufficiently realised. We have retrenched our staff to the extent of about 15,000 during the last 3½ years and that has obviously meant that they have come on the pension list far earlier than was anticipated and that the pension charges have gone up accordingly. I think the House will agree that it is satisfactory that in these circumstances, with increased pension charges and the restoration of cut in pay, we should still have been not only able to balance our budget, instead of having a deficit, but that we should close the year with a profit of Rs. 6 lakhs. So much for 1935-36. For 1936-37 we estimate our receipts at Rs. 1175 lakhs and, after making the concession that we have made, the increase in the unit rate for letters from half a tola to one tola for one anna which will cost us Rs. 13 lakhs, we shall have a net balance of Rs. 2 lakhs and Rs. 2 lakhs only. That is also I should mention after providing Rs. 2 lakhs for an improvement in the postal facilities in rural areas, a point to which the Members both of this House and of the other attach great importance. We have still to provide for increments in pay. They will cost us Rs. 12 lakhs. We have also to provide again for increased pension charges Rs. 9 lakhs. I hope the bill will begin to go down after this year. And we have to provide Rs. 7 lakhs for haulage charges payable to Railways. The net result is that we expect a total revenue of Rs. 1175 lakhs and a total expenditure of Rs. 1173 lakhs. That, Sir, as I have said, gives us a net balance of Rs. 2 lakhs.

And now I come to the main point—the question of the post card rate—and I am proposing to deal with that mainly from the departmental point of view, that is, the point of view with which I personally am most concerned.

I should like to point out that both in the other House and, as far as I am aware, in this, no criticism—no serious criticism that is—of our estimates of either revenue or expenditure has been made. No one has been able to point out to us any way in which we can either increase our revenue or decrease our expenditure materially. I think it has been definitely recognised on all sides that we are doing our best to economise, that we can do no more, and that it is hopeless to expect further economies to bridge the great gap which would have to be filled if we reduce the post card rate. That is the salient consideration that I want to put before this House. The reduction in the post card rate from nine pice to half an anna would cost us Rs. 50 lakhs. That estimate, as I said in another place, has been framed by our experts on the best information available. They may be right or they may be wrong, but I think they are much more likely to be right than any of us would be if we attempted to frame an estimate of what the Department would lose if we reduce the post card rate.

Now, Sir, two suggestions have been put forward for bridging the gap. One is: Why not provide for the reduction in the post card rate by trenching on the General Budget? The other is: Why not provide for it by taking the money out of the grant for village uplift? My Honourable colleague has dealt with the first of these two aspects. He has emphasised the very important consideration that we are not here dealing with a recurring surplus. Our estimates for the loss this year is Rs. 50 lakhs and that allows for a 10 per cent. increase in traffic. If traffic goes on increasing, we may get down to Rs. 40 lakhs next year, we may get down to Rs. 30 lakhs the year after, but it will be some years before the cost of reducing the rate on post cards could be met by an increase in the traffic. There may be such a general improvement in trade as to improve the position of the postal budget all round. That is an entirely different matter. But no increase that can reasonably be expected in the number of post cards sent through the post can by itself bridge the gap for many years to come. Therefore, Sir, if the cost of reducing the post card rate is provided from the General Budget this year, you would have also to make provision for it from the General Budget next year and the year after that and so on. And my Honourable colleague, the Finance Member, has put forward, I venture to think, very good reasons why that is entirely out of the question.

The other suggestion, as I have said, is: Why not take this money out of the grant for village uplift? Well, that again does not meet the difficulty about a non-recurring surplus. If you take it out of village uplift this year, what guarantee have you that the Finance Member will be in a position to provide further grants for village uplift in years to come. I should think, after the statement he has made, the House will agree with me that it is extremely unlikely, to put the case at its mildest. And on this question of village uplift, Sir, I should like to make the point that I endeavoured to make in the lower House. We have heard a great deal about the "poor man's post card". But I endeavoured to show to the other House the exact amount of the benefit that the poor man is likely to get if you reduce the cost of his post card. In 1935-36, we estimate that the total number of post cards which will pass through the post will be 410 millions. The highest figure ever reached was in 1921-22—no less than 14 or 15 years ago in the period immediately after the war when trade was booming and when we were all very happy and thought that that state of things was going to last for ever. In that year we had a pice post card and the number of post cards that passed through the post was 648 millions. Nobody has asked or expects us to get back to the pice post card. But even if we had a boom in trade and were able to get back to that old figure of 648 millions at once, what would it mean? It would mean

[Sir Frank Noyce.]

no more than that on the average everybody in India would have to send one and three-quarter post cards a year against the one and a quarter post card they are sending now and the benefit that would accrue would be somewhere about three-fourths of a pie per head per annum,—the difference between one and a quarter post cards at nine pies and one and three-quarters post cards at six pies. And even that again is on the high side because, as I think the House will agree, the rural population of this country sends far fewer post cards per head than the urban population.

That, Sir, is the position. If you reduce the cost of the post card from nine pies to six pies, you are benefitting the people of this country by somewhere about three-fourths of a pie per head per annum. Can anybody in this House or elsewhere seriously maintain that a diffused benefit of that character is of the same good to the country as the schemes of village uplift to which Local Governments are devoting the funds placed at their disposal, which have a definite object and should yield definite results? And can they maintain, Sir, that it is as important to this country that the post card rate should be reduced at this juncture as that provincial autonomy should start on a sound financial basis? Now, Sir, I should like to deal with the matter, as I said I was going to, from the purely departmental view. We in the Post and Telegraphs Department—and I include myself in that Department for this purpose—are doing our very best. We are

3 P.M.

straining every nerve to get that Department—a Department which is expected to pay its way—back to a sound and healthy financial condition, a condition in which the restoration of the half-anna post card will be a normal feature of its activities. (Applause.) We shall go on doing so. But if it had been decided to give the Department an artificial stimulus by trenching on the funds of the general taxpayer from the General Budget, what would be the effect on the Department? Good-bye to all its efforts to economise, It would feel that it could sit back and let things look after themselves. It would feel that whatever happened, whatever its financial condition, it had only to come to this House and say, “Unless you give us more money, we shall have to go back to the nine pies post card”. As I said in the other House, where are you going to stop? This House and the other House may this year regard the restoration of the half-anna post card as the most important change in postal rates. There is no guarantee that in future, a House differently composed may not take a rather different view. It may think—a suggestion has been put forward to that effect in the other House—that sending newspapers free to village reading rooms and libraries, or indeed sending them free to all villages, may be a useful form of advancing the cultural development of the country. Then again, why stop with the Post and Telegraph Department? What about your railway rates? Why not give favourable rates to certain classes of goods in order to benefit that part of the population which uses the post card? There are various ways in which you can help them. Where are you going to stop? That, Sir, is my main contention. Let us get back to the half-anna post card in the normal way. Do not use any artificial stimulus. Take a long view. We are as keen as you are to have the half-anna post card. (Hear, hear.) But we feel that the time has not yet come for it. If we can get back to it in the normal way, it will come to stay. If we do not get back to it in the normal way, I shall be very sorry for my successor if he has to come to the other House or this House in a few years' time and say, “I am sorry I cannot go on; you must restore the old rate”. I think his position would be a very difficult one. I do not want my Department on the dole. That is my position.

That, I think, concludes all I need say about the post card rate. I am sorry, as I said at the outset, that I was not here yesterday to hear any other criticisms brought against the Departments in my charge. I understand a point was raised with regard to the subsidy to the Indian National Airways. I may perhaps say a word or two about that. I believe an Honourable Member asked whether the grant of that subsidy meant that the Government were departing from their policy in regard to the subsidisation of Civil Aviation in this country. I should like to explain to the House that there has been no departure from that policy in any way. We are giving this financial assistance to Indian National Airways for a limited time and for a very limited purpose, in exceptional circumstances. As the House is probably aware, greatly increased frequencies, both on the trans-India route and on the two feeder routes from Karachi to Lahore and from Karachi to Madras are in contemplation. There is a very strong possibility that those increased frequencies may come into operation next year. The question before us was whether we should keep the Indian National Airways alive—and it could only have been kept alive with a certain measure of assistance from Government—or whether it would have to be closed down at once which would have meant the discharge of a highly qualified and efficient staff before the question of increased frequencies was finally settled. An organisation, such as that maintained by the Indian National Airways, cannot be built up at short notice, and emergency arrangements with a new concern might well prove both unsatisfactory and expensive. If Indian National Airways shut down, we might have to help another organisation to be brought into existence next year at a very much greater cost.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of information, Sir. Is it the general principle of the Government to help all the Airways if they incur any loss ?

THE HONOURABLE SIR FRANK NOYCE : No, Sir, it is not. It is only intended to help this company for a limited time and for a limited purpose. That is the point.

THE HONOURABLE MR. HOSSAIN IMAM : Why this speciality, Sir ?

THE HONOURABLE SIR FRANK NOYCE : I have explained why that is necessary. I do not wish to enter into a discussion about the merits of any other company. All I can say is that no arrangement with any other company would have proved less expensive than the arrangement we have made, and if you have to help a company, why not help a company which has already done the work to your satisfaction ? That is the position, Sir. We have tested this company, its organisation and efficiency. We have no experience of any other company except, of course, Tatas, which in this connection does not come under consideration. I repeat that we have no experience of any other company and it would have been most unsafe to alter our arrangements at this juncture.

THE HONOURABLE MR. HOSSAIN IMAM : If Tatas also mismanage and incur losses, will they also get help ?

THE HONOURABLE THE PRESIDENT : You are putting a hypothetical question.

THE HONOURABLE SIR FRANK NOYCE : This, as you have said, Sir, is a hypothetical question, but it also contains an inference from which I

[Sir Frank Noyce.]

strongly dissent. I do not admit that the affairs of the Indian National Airways have been mismanaged. There is no justification whatever for that assertion, Sir. It is true that the high hopes with which they started the Calcutta-Dacca service, for instance, or the Calcutta-Rangoon service, have not been realised. I should like the House to know something about the Calcutta-Dacca service. It provides an important lesson in regard to civil aviation in this country. The Calcutta-Dacca service was started between two important cities in Bengal. They are—my Honourable friend Mr. Banerjee will correct me if I am wrong—separated at present by a tedious railway journey.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Mohammadan) : But why was the line closed down recently ?

THE HONOURABLE SIR FRANK NOYCE : I am coming to that. Calcutta and Dacca are separated by a tedious railway journey and a river crossing. I think the journey takes 18 hours by train and you have two changes also, whereas it took a little over an hour by air, about an hour and a quarter I think. Well, Sir, if there were two places in India between which air communication held out promise of success, it was these two cities. And what happened ? You got one or two passengers a week and a few ounces of mail : and that was the reason why the service had to be closed down. The Calcutta-Rangoon service was closed down for very similar reasons. It is mainly the failure of these two services that has made it necessary to assist Indian National Airways at this juncture. I maintain that the grant of that assistance is fully justified in the present circumstances and needs no further defence from me.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of information, Sir. For what period has it been sanctioned ?

THE HONOURABLE SIR FRANK NOYCE : I have already explained. It has been sanctioned for next year, for a limited time and for a limited purpose. If there is any proposal to continue it after that, we shall of course have to bring it before the Legislature and to justify our action.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadan) : May I ask one question ? Suppose a company wants to start a daily service, not twice a week, between important cities in British India, will consideration also be given to that company by the Honourable Member ?

THE HONOURABLE THE PRESIDENT : I think the Honourable Member has already explained the special features of this case and the circumstances in which Government came to help this company. I do not think any further inquiry is necessary.

THE HONOURABLE SIR FRANK NOYCE : I think that concludes all I have to say. I very much hope that I have convinced the House, both in regard to the impossibility of the post card rate being reduced in present circumstances and also of the soundness of Government's action in granting a small measure of help to Indian National Airways.

(The Honourable Rai Bahadur Lala Ram Saran Das rose in his place.)

THE HONOURABLE THE PRESIDENT : I had specially fixed the whole of yesterday for non-official Members to address the House and I was prepared to sit here till 7 o'clock in order to give all Honourable Members an opportunity to speak on the Bill. You were unfortunately not present yesterday ; is there any special reason why I should now give you a chance of speaking on the Motion at this stage ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab Non-Muhaminadan) : Sir, I beg to submit that it was a very sudden and important engagement at Lahore which caused my absence yesterday, and I will not take more than ten minutes.

THE HONOURABLE THE PRESIDENT : In that case I will allow you.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Thank you, Sir.

The debate has left no doubt in the minds of Honourable Members that Government stands isolated from popular opinion by its decision to certify the Bill. A large number of arguments have already been covered by previous speakers. I will attempt to put before the Government broader considerations. It is, Sir, true that the Constitution provides a definite machinery for certain occasions. That power was meant to be real and to be used. But, Sir, by no stretch of the imagination could it be contended that the framers of the Act intended that it should be made a matter of routine application, and that is what has happened year after year.

THE HONOURABLE THE PRESIDENT : The position and circumstances have been explained this afternoon by Sir James Grigg and I do not think any useful purpose would be served by your repeating the same arguments which were advanced yesterday.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I will deal, Sir, with the observations which have been made by the Honourable Finance Member.

THE HONOURABLE THE PRESIDENT : You can speak on that.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : In saying that he has been since the last few years under estimating the income and over estimating the expenditure ----

THE HONOURABLE SIR JAMES GRIGG : I am completely unaware of having said anything of that sort. Even if I had done it, I would not confess to it.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : But, Sir it is a fact.

THE HONOURABLE THE PRESIDENT : That is your view.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : The Finance Member himself in his budget figures shows that there was under estimation of income and over estimation of expenditure.

THE HONOURABLE SIR JAMES GRIGG : I was careful to explain that only for one of those years were the estimates mine; the others were my predecessor's.

THE HONOURABLE RAI BANADUR LALA RAM SARAN DAS : But that is a fact. Even though the Honourable Finance Member has explained it today, when it becomes a habit to certify the Bill every year and to ignore even the verdict of the majority of the elected Members of the people, we have got no other alternative left but to bring it to the notice of Government that they are not acting rightly in the matter. Sir, as the Honourable Finance Member has said, the cost of reduction in the post card rate will be Rs. 50 lakhs. That Rs. 50 lakhs can be easily found from this over estimating of expenditure and under estimating of income. You will find that at the end of the year there will be a further surplus and the Finance Member will find that I am right.

Sir, I cannot entirely congratulate the Finance Member upon the grant for rural uplift. It would have been much better and the people would have felt it a positive help if a reduction in revenue rates had been given. If the Honourable Finance Member is serious in regard to uplift in rural areas, I would suggest that he should establish a Central Board, to be assisted by Provincial Boards, for a proper economic plan of the country. That is what the country needs for its agricultural and industrial development. I do not say that we ought to follow the example of Russia and go in for communism, because India is not at all in favour of communism, but barring the taint of communism the rest of their programme is worth while following. Then there is the question of financing industries and financing agriculture. Various methods have already been suggested, and I would say that until Government takes upon itself the task of financing industries and agriculture with long term loans to expect an increased income in the budget will be difficult. What we find at present is that agriculture cannot be at all adequately financed. Even now some co-operative banks find it very difficult to invest all the money that they have for investment because the agriculturist is unable to furnish adequate security. Some method ought to be evolved to meet that difficulty of the rural people. The Honourable Sir Frank Noyce has said that the use of the post card in rural areas is very meagre. In case the rural areas are to be helped, why not rule that all correspondence addressed to branch post offices and to post offices in rural areas should be carried on a lower postage rate in the country. That is practicable and in case you cannot meet the whole demand meet it thus half-way. Then another point which I want to mention is that all these demands of the public can be met by lowering army expenditure in India. His Excellency the Commander-in-Chief notwithstanding persistent requests from Honourable Members of this House did not reply as to why the cost of the defence of India was doubled after the war. We, Sir, at least expect an answer from him today, because otherwise people who are under the impression that the doubling of expenditure of the army in India is due to the policy in the Middle East and in the Far East, will take it as a fact.

Sir, I assure you that we all have got very great respect for His Excellency the Governor General and we have given very careful consideration to the recommendation made by the head of the Government, but as we feel that the Government has failed to respond to popular demand even to the extent that they could have, I must therefore regretfully dissociate myself from the proposals made.

THE HONOURABLE THE PRESIDENT: Motion made :

“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”.

The Question is :

“That this Motion be adopted.”

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: The Question is :

“That clause 2 stand part of the Bill.”

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD-MEHROTRA (United Provinces Central: Non-Muhammadan): Sir, I beg to move :

“That in clause 2 of the Bill the words ‘and four annas’ be omitted”.

The object of my moving this amendment is to reduce the salt duty from Rs. 1-4-0 to Re. 1 only. If the surcharge which was levied as an emergency measure is taken into consideration the total amount of salt duty comes at present to Rs. 1-9-0. If my amendment is adopted the net result will be that the duty on salt with the surcharge will remain at Rs. 1-4-0. Sir, the highest duty on salt so far was Rs. 1-4-0.

THE HONOURABLE SIR JAMES GRIGG: That is not true. The highest duty ever levied was Rs. 2-8-0—exactly double the figure the Honourable Member said.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD-MEHROTRA: The Honourable Finance Member might be speaking of a time ages ago.

THE HONOURABLE SIR JAMES GRIGG: Within recent times.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD-MEHROTRA: May I know when Rs. 2-8-0 was levied if it was in recent time?

THE HONOURABLE SIR JAMES GRIGG: In the time of Sir Basil Blackett.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD-MEHROTRA: For how long?

THE HONOURABLE SIR JAMES GRIGG: For one year. Even before that in the Nineties it was Rs. 2-8-0.

THE HONOURABLE MR. P. N. SAPRU: We can go back to the Sixties.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD-MEHROTRA: If my friends are anxious to know the history of the salt duty, I am prepared to relate it very briefly. It was in 1903 that this salt duty was levied at eight annas only and it was continued up to 1915 at that rate. In that year the salt duty was increased to Re. 1 and it continued from

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

1915 to 1922. In 1922, being backed by public opinion, the Assembly abolished the duty altogether, but the Government certified it at Rs. 1-4-0 and from that time to 1923 it continued at Rs. 1-4-0. It was again raised with the addition of surcharge. I may remind the House that when in 1930 this duty was again raised and report was sent by the Government of India, the then Secretary of State made a very serious comment on this attitude of the Government of India and in commenting on the Administration Report let us see what the Secretary of State did write? He wrote:

"I do not propose to comment at length on any of the measures adopted by your Government except the general increase in the salt duty", and went on to say, "While I do not dispute the conclusion of your Government that such an increase was under the circumstances unavoidable, I am strongly of opinion that it should be looked upon as *temporary* and that no effort should be spared to reduce the general duty as speedily as possible to its former rate".

Further on, Sir, he wrote in still stronger terms:

"I will not dwell on the great regret with which I should at any time regard the imposition of additional burdens on the poorest classes of the population through the taxation of a necessary of life. But apart from all general considerations of what is in such respects right and equitable, there are, as Your Excellency is well aware, in the case of the salt duty in India weighty reasons for keeping it at as low a rate as possible".

Sir, this was not a comment of any non-co-operator or responsive co-operators like ourselves, but the highest official who rules India. What have the Government done since then? He made this comment in 1930 and more than five years have elapsed, but the Government have not seen their way to reduce the salt duty. We all know, Sir, that last year we had a surplus budget and this year also fortunately we have a surplus budget. These surpluses are being continued on account of these emergency taxes and it was right and proper for the Government after such a serious comment from the Secretary of State to give relief to the poorest classes by reducing the salt duty. Sir, if the Government had reduced the salt duty from Rs. 1-4-0 to Re. 1 the consequent loss of revenue would have come to about Rs. 1,50 lakhs.

THE HONOURABLE THE PRESIDENT: It is a very small amount.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Considering the benefit from it to the poorer classes it is, Sir, a small amount. We know how the money is being spent. At present we know also that Rs. 1 crore and 97 lakhs has been reserved for giving subventions to the provinces. We know that a crore is being spent on the rebuilding of Quetta. I think, Sir, that this is not a proper charge on the current revenues of the Government. Sir, if that amount had been taken away from the capital, I think that amount alone would have gone a great way towards giving relief to the poor. We know, Sir, that a crore of rupees is being spent on aviation. I do not think it is more necessary than the one that I have proposed. So the question is where there is a will there is a way. If Government wanted to make a cut of this amount from the Budget they could have done it very easily. We all know, Sir, that the cut on salaries was restored in a very short time and the Government of India had to spend Rs. 2 crores on that account. What was the necessity? I do not know, Sir, that salaries in any country are higher than what we are paying in India. If that is the question and if the Government are not prepared to challenge that statement, I am sure, Sir, that the poor of the country ought to have got relief from this

tax before this cut was restored. Sir, we all know that the average income in this country according to the Central Banking Inquiry Committee—

THE HONOURABLE THE PRESIDENT: Please confine yourself to the salt question.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Sir, I am dealing with the same question. I am describing the condition of the people on whom this tax is being levied.

Sir, the income per head of the population is one anna nine pies per day. To that class of people even to have to pay a tax of four to eight annas a year is very hard. The tax on salt is a tax not only on the rich and middle classes but on the poor. Nobody can live without the use of salt. (*An Honourable Member*: "Question?") Therefore, I think, Sir, that Government ought to have taken the first step to reduce this tax after the comment made by the Secretary of State for India in 1930.

With these words, Sir, I move.

The Motion was negatived.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is:

"That Schedule I stand part of the Bill".

THE HONOURABLE RAJA GHAZANFAR ALI KHAN (West Punjab: Muhammadan): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act 1898, for the entries under the head 'Post cards' the following be substituted, namely:—

Single	Six pies.
Reply	One anna."

Sir, I quite realise the handicap under which this amendment is being moved. On the one hand, the recommended Bill is a threat that the Bill must be passed either in the form in which it has been brought to this House or if any amendment is made, it would mean that the Bill has been rejected. The second disadvantage is, Sir, that at this late hour on the 31st March, the Government are very anxious that the discussion should be over by this evening and the Bill should somehow or other be passed before we enter the 1st of April. And so you are equally anxious, Sir, I suppose, that the debate should close at an early stage. Therefore, I shall try to be as brief as possible.

As far as the merits of the case are concerned, we are all aware that a reduction in the value of the post card will involve a loss of about Rs. 50 lakhs to the revenue. I personally consider that in this Budget a reduction of Rs. 50 lakhs will not upset the calculation of the Finance Department and if they are really determined to see that they should meet the united wishes of Members of both the Houses in this respect, they can easily find means to accede to our request. I would submit for the serious consideration of the Government whether the change which they have already agreed to—that is the reduction of three pies in the postage for a tola—will not increase the number of people who will write letters. If my conjecture is correct, there will be thus an additional income to the Postal Department which they have not taken into calculation.

[Raja Ghazanfar Ali Khan.]

Then, Sir, there are other heads in the Budget. I would not suggest the army because that suggestion to my mind would be too vague. But there are other heads from which this money can be easily appropriated. The Finance Member in another place has shown that his chief anxiety is to provide funds for the new autonomy which is being introduced after a short time and he is setting apart a certain sum for this purpose. May I request him to consider that whatever amount he may spend on the inauguration of the new scheme, he must not forget that the new scheme is to be worked by the Indians themselves? And if he thinks that by rejecting even this modest recommendation he is going to alienate the sympathies of those very people who will have to work the new Constitution, he is not doing a service to anybody, either to the Government or to the people. His chief concern in my opinion should be to win the good opinion and goodwill of the representatives of the people both in the other House and in this House.

My other object in bringing this amendment, Sir, when I knew that there was little chance of its being carried, seeing that the Bill has come to us in a recommended form, much less of its being given effect to if it was carried, was to provide an opportunity to the Honourable Members of this House, particularly those Members who represent certain constituencies—I mean the elected Members—to show at a time when the General Election is not very far off that we do not forget that we are answerable to the people who have sent us here. Those of us who have any desire to take part in the new Constitution or to stand again for election to this House must remember that there are people outside who are watching our actions, and closely watching how we exercise our right of vote on the floor of this House. I have not the slightest doubt that there is not a single Honourable Member here who would not wholeheartedly agree with me that this demand for the reduction of the post card is universal.

THE HONOURABLE MR. R. H. PARKER: No, no.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: I quite admit that my Honourable European friends will not seriously consider what relief this can provide to the poor zamindars. Those rich men and big firms, who are multi-millionaires, are only concerned with the surcharges and they do not mind if they have to pay nine pies instead of six pies for the post card. But they must remember that the moment a poor man goes to the post office and wants to buy a card, and instead of paying three pice, has to pay only two pice, he immediately feels that there is relief of one pice, which considering the conditions prevailing in this country, I can assure you, Sir, is a great relief to the ordinary cultivator. When we are called upon to give our votes, Sir, the chief consideration which should be present in the mind of every elected Member of this House is what the desire of their constituencies in this particular matter is. I would ask any Honourable Member to tell me if his constituency will be pleased if he votes against this amendment. If so, Sir, then I would ask them to forget that this is a recommended Bill. What does it matter whether the Bill is in a recommended form or not?

THE HONOURABLE THE PRESIDENT: Your argument then is that this amendment is an election stunt?

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Certainly, Sir. In every representative Government, that is the chief concern of the Members

who come to the House, and they will be dishonest and unscrupulous if they forget or ignore what their constituency desires and they come and play with their votes in any way they like.

THE HONOURABLE THE PRESIDENT : I want the Honourable Member to confine himself to, and speak on, the merits of his amendment.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : I may assure you, Sir, that all along I have been under the impression—whether right or wrong—that I am speaking on the merits of my amendment.

THE HONOURABLE THE PRESIDENT : I am afraid you are not. Please confine yourself to the merits of your amendment.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Very well, Sir, if it is your ruling that my appealing to Honourable Members—

THE HONOURABLE THE PRESIDENT : You may appeal. I am not stopping you.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN—as to what is the opinion of the constituencies with regard to the amendment before the House—

THE HONOURABLE THE PRESIDENT : I have nothing to do with your constituency outside the House. I am only interested in what opinion Members here take of the amendment.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : I entirely agree that you have got nothing to do with our constituencies. We have everything to do with our constituencies, and we will not be sitting here and enjoying your kind hospitality if we considered that we had nothing to do with the people who send us here. Therefore, let all Honourable Members bear in mind that this question of the reduction of the rate on the post card has been discussed in both the Houses for the last 10 or 15 years and the demand that the price of the post card should be reduced to six pies has been so universal and so constant that I think no Government which claims to show any consideration for the feeling of the public will have any hesitation in accepting this amendment. So far as the Budget is concerned, I will appeal to the Honourable the Finance Member to seriously consider whether at the end of the year he will not have a saving of over Rs. 50 lakhs, if on no other ground than that the actuals as against the anticipated expenditure will not amount to more than Rs. 50 lakhs? If that is the case, then why not show your goodwill, a good spirit, a friendly spirit, which has been the request of every representative in this House and the other House for so many years? So far as the post card is concerned, there are other means, which Government have not taken into consideration, which would make up the deficiency to a considerable extent. Let us take the losses which the Department will suffer on account of the reduction of the price of post cards. We all know that elections under the new provincial autonomy will be taking place after six months, and I think there will be an election to the Council of State also. I can tell you this from my own experience. In my own constituency, which used to be a very small one compared to the present constituencies of the Legislative Assembly, I never spend less than Rs. 1,500 or Rs. 2,000 on my propaganda through the post office, by telegrams, letters and post cards. Now, Sir, when provincial autonomy comes into force next year, I assume that the number of

[Raja Ghazanfar Ali Khan.]

candidates all told will be nearly 15,000 to 20,000. If there are 15,000 or 20,000 candidates standing for election, how much money will they spend on their election propaganda through the Post and Telegraph office? I think that the number of voters in one small constituency in my district for the next Punjab Council is 27,000. Even if I have to write four letters to each voter, you can imagine the amount the Post and Telegraph Department will derive. So, I may assure the Government that the actual loss will not be anywhere near Rs. 50 lakhs. I am sure the loss will be just a few lakhs—I think about Rs. 10 lakhs only. It is such a small amount.

THE HONOURABLE THE PRESIDENT: You have heard the Honourable Sir Frank Noyce this afternoon explaining what little benefit would result if you reduce the rate on the post card. Sir Frank Noyce fully explained the situation half an hour ago and he pointed out to the Council that the gain on this head would not substantially benefit the user of the post card and he gave facts and figures in support of his statement.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: The benefit of this reduction will not help the public? I do not know what facts and figures there can be which would go to prove that to anybody who writes a post card if he pays six pies instead of nine pies, it will not be a gain. I am sorry I was not present to hear those wonderful figures!

THE HONOURABLE THE PRESIDENT: I am very sorry, also!

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Naturally, I expected that the speech on post cards will be made after the amendment relating to it had been moved. When the amendment was on the agenda, one would naturally have expected a reply on the amendment rather than Government anticipating the arguments—

THE HONOURABLE THE PRESIDENT: As other Honourable Members had spoken and argued this point yesterday, Sir Frank Noyce was perfectly justified, before the Motion for consideration was put to the House, in offering an explanation on this point. If you move your amendment, of course the Government Member will again say something on your amendment.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Thank you very much, Sir. I hope that he will give us the pleasure of hearing again those figures which are so closely connected with this amendment, because they will be more relevant in relation to this amendment than to anything else. I can assure you, Sir, that if I am convinced on his facts and figures that a reduction of the rate on the post card will not bring any relief to the villagers then I shall not press my amendment.

THE HONOURABLE SIR DAVID DEVADOSS: That is not what he said.

THE HONOURABLE SIR FRANK NOYCE: I never said it will not bring any relief; I said that the relief will be very small indeed. My Honourable friend can have the figures over again in a few minutes if he wants them.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Thank you very much, Sir. I admit that the relief will be very small, but for a poor man,—

I do not think he is under any misapprehension regarding the poverty of the people in this country, particularly the class of people in the villages who use the post cards,—he knows that to these people even a relief of one pice will be of very great help. I have purposely confined myself just to this one amendment regarding the post card rate. I am one of those who believe that the salt duty, however undesirable some people may consider it, is a source of revenue which Government should not easily give up, and I may assure the Government that their taxation will not be resented if a substantial part of the proceeds is annually spent on the welfare of the people themselves, and it was because of the gesture of the Honourable Finance Member in setting apart a small amount for village uplift that several of us have not even thought of touching the salt duty. But in regard to the post card I hope that Government will take a more conciliatory attitude and will show that they are prepared to accept suggestions if they are reasonable.

Sir, I move the amendment.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, I rise to give my whole-hearted support to this amendment which has been so ably and eloquently moved on the floor of the House by my Honourable friend Raja Ghazanfar Ali Khan today. Speaking generally, Sir, the abolition of the salt duty for the benefit of the poor man is quite a different matter from the reduction of the price of the post card. The former yields a revenue running over crores ; therefore I am prepared to concede that the finances of the Government of India do not warrant this measure of much needed relief. However much I like, I feel I should not embarrass the Government. But the question of the post card is a different matter. This yields a revenue of a few lakhs only, which could have been easily given up and adjusted under other items.

But, Sir, the reduction in the price of the post card has become a hardy annual. Time after time, year after year, repeated arguments have been urged on the floor of the House for the reduction of the price of the post card. Whenever there is a surplus, it is usual to expect that some share of it, be it small or great would go to the people who contributed it. I mean, Sir, that something tangible and directly appealing to the masses and the poor agriculturist ought to be given. But, Sir, we are painfully familiar with the reply that the Department has been commercialised, and that it must pay its way before any reduction in the price of the post card could be granted. It is conceded, however, that the Postal Department has been working at a profit but it has unfortunately to buttress the Telegraph Branch. Need I say, Sir, how much pleased the whole country will become if only the Honourable the Finance Member will find a way to reduce the price of the post card only, which would certainly capture the imagination of the teeming millions of India.

Sir, the much applauded author of the Budget has said with modesty that it is a surplus budget and not a spectacular budget. But even to the meaneast understanding, Sir, if the Budget is anything it is a gorgeous and elaborate attempt at the spectacular, a skilful manoeuvre to play to the galleries.

May I know from the Finance Member what justification he has to leave untouched the question of reducing the price of the post card from three pice to two pice and the reply card, from one and a half anna to one anna, against such a huge storm of protest raised on the floor of the House by the accredited representatives of the suffering people, in the other place, which has resulted in the intervention of His Excellency the Governor General for certification ?

[Mr. Mahmood Suhrawardy.]

What does the Mother of Parliaments do in his own country with its surplus? Well, Sir, if she does anything she relieves the children of the soil of certain taxation. Why not do that here too? What is sauce for the gander is sauce for the goose.

Sir, I have been sent to this House by a constituency which consists of people who are perhaps the poorest of the Mussalmans of this country and where flood, famine, malaria and influenza are annual guests. I know how keenly it touches them to pay three pice for a post card, that would fetch anxious news from their distant relatives. I have seen how, with a pinch of salt they eat their morsels and curse their fate with suppressed tears—I have seen all those—I, a passive spectator, a helpless representative, a spectacular Member of the sonorous sounding upper House of the Indian Parliament. It is a peculiar situation, Sir, as you must know it, where you have every thing to endure and nothing to redress. This is, Sir, England's work in India.

Now, Sir, coming direct to the amendment, the position in regard to the post card is this. When the emergency taxation was levied in September, 1931 all classes of the people had to bear the brunt of heavy additional taxation. The income-tax assessee, the users of the postal and railway services and the importer had to pay additional surcharges.

The price of the post card with which I am concerned had already been doubled from the one pice post card in the war days to the two pice post card. But 1931 saw the price of the post card *trebled*, so the price of the post card has been trebled and since then people have been burdened with the three pice post card. It should be remembered that according to the new dispensation, we will have a *one anna* letter. Sir, just imagine the inequality involved in the differential value from returns of the post card for three pice and an envelope for one anna. Is it fair and equitable? Let me repeat and say what does it matter to the people of remote villages if you can talk from one hilltop to another hilltop, from Delhi to Simla, from Simla to Calcutta or from Poona to Madras, or from Bombay to London, and Whitehall so long as you cannot give any tangible relief to the poor people of the villages, and what does it matter when you can spend lakhs and lakhs to keep abreast of the latest marvels of civilisation—broadcasting and aviation? It matters little to them.

Before I sit down, Sir, I would urge the Government to have the grace to accept this popular demand. But, Sir, that you

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will not do, for whatever you are paid to do by the

Government of India you are not certainly paid to budget for submission to the popular demands. But, Sir, I am sure, Sir James Grigg is paid by the Government of India to play the fiddle, while Rome burns.

Finally, it is the refusal of this much needed relief that has brought about the rejection of the recommended Bill in the Assembly. But at the same time I hope—although hoping against hope but hope is an architect which builds pyramid on the point—that the Government would themselves accept this demand with effect from the next financial year. I am making this forecast, reading between the lines of the speech of Mr. Bewoor in another place. Let my friend Mr. Bewoor opposite answer me.

Sir, I support the amendment.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I rise to support this amendment not so much because it is a popular demand or because of the fact that it will greatly benefit

the masses or because it has found champions in the other House, but I rise simply to join issue with our Honourable colleague Sir Frank Noyce when he said that it is not possible either to reduce expenditure or to increase the income to make this concession. On this issue, Sir,—

THE HONOURABLE SIR FRANK NOYCE : I did not say that. What I said was that no suggestions have been forthcoming. If my Honourable friend has any suggestions, I shall listen to them with the utmost interest and pleasure.

THE HONOURABLE MR. HOSSAIN IMAM : I am very grateful for inviting suggestions on these two points, and it is from this angle of vision alone that I shall tackle this question. In the first place, I may tell the Treasury benches that when this amendment was given notice of we did not delude ourselves into the belief that it will be carried in this House. We were neither under the misconception that it could possibly be accepted by the Government but the central idea behind this Motion is to try and convince the Department that there is a possibility of eventually balancing your Budget though granting this concession, if not this year, at least next year. It is even possible for the Government to reintroduce another Bill and thereby accept the reduction in postal charges if they wish to do it as was done in 1931 when a second Finance Bill was introduced in the Assembly six months after the year had commenced. (At this stage the Honourable the President vacated the Chair, which was taken by the Honourable Sir David Devadoss.)

Sir, I am ready to concede that this Department is a commercial department and it should be treated as a commercial department ; but when I want it to be treated as a commercial department I do not mean that it should be regarded as a commercial department only as far as giving concessions to the public is concerned. Where Government's mistakes are concerned, it should also be regarded as a commercial department, and if any loss to the Department is being borne because of mistakes of the Government of India, the Government of India should pay for those mistakes and not the Postal Department. I do hope I shall have the strongest championship in this crusade of commercialising the Department from the Honourable the Finance Member. The Government of India in days past had committed some blunders. The Postal Department has been bearing the burden of those blunders up till now. If we ask now that the commercial department should be relieved of those charges, it is only commercial propriety that induces us to move in the matter. In this connection I should like to draw the attention of the Honourable the Finance Member to the fact that in the other House suggestions were made that this Department should be subsidised ; and the objection of the Honourable Sir Frank Noyce was that if there is a subsidy from general revenues it will have a deteriorating effect on the morale of the work of the Department. May I ask why this principle of deterioration was not thought of when bounties were given to the Tata Iron and Steel Co. ? It was good enough then ; it was proper to give a private company a subsidy because they were catering for a national necessity. In the same manner if the post offices were subsidised to a certain extent with the object of serving the country it would not have been an improper thing.

Now, Sir, I wish to recount the mistakes of the Government of India. This is not my own statement, I should say it is a remark of an authority higher than the Government of India, of His Majesty's Government's own Committee which came to India, and was known as the Davidson Committee, which went into the question of the immunities enjoyed by the States, and dealt with

[Mr. Hossain Imam.]

those in the sphere of posts and telegraphs as well. It will surprise the House that in no part of the wide-flung British Empire does the post office carry the mails of any State without payment of postal charges except in this unfortunate India, where everything impossible is made possible, where everything which is not in the interests of British Indians is done and we are made to bear the burden of every thing. I am referring to the fact that 27 of the Indian States get a free grant of stamps for official use. The value of these stamps has been found by this Committee to be Rs. 3,12,000. The remarks of this Committee about this concession are interesting and I cannot do better than quote those remarks.

"We understand that the Government of India does not deny that a review of past practice in the matter of these privileges reveals a degree of liberality hardly consistent—mark the words 'hardly consistent'—with the fundamental principle by which alone they can be justified. Concessions have been granted to certain States without any *quid pro quo* from them, and the concessions applicable to others have been liberally increased even though, in some cases, such increase was specifically debarred by the terms of the original grant. The purposes of such grants have also been interpreted by some States in a wider sense than was originally contemplated, in that they utilise these free stamps for correspondence outside as well as within their territories and for the sending of telegrams".

This is the remark of an impartial authority on the administration of the Government of India in the past, and yet the Government have the hardihood to brag about the commercialisation of the Postal Department. But that is not all. We are carrying official correspondence of six favoured States free of charge. Here, Sir, the value which the Committee put on this concession was Rs. 7,15,000. I cannot do better, Sir, than again quote from the Report of this Committee. I am quoting, Sir, from page 277, item 4. Referring to the concession made to Mysore, the Committee makes the following remarks :

"Mysore was incorporated in the British Indian postal system in 1888, the price paid for securing unity being the concession that the whole of the official correspondence of the State would be carried, within State limits, free of any cost to the Darbar. Previous to this arrangement, Mysore was maintaining its own postal department at an annual loss of about Rs. 65,000. This figure did not, however, contain any credit item in respect of official correspondence and if the carriage of such correspondence had been paid for, the receipts would have risen by Rs. 1½ lakhs, transforming the deficit of Rs. 65,000 into a considerable surplus. It is estimated that if the articles which are now carried free for the State had to be paid for at the British Indian rates, the revenue accruing therefrom to the Posts and Telegraphs Department would be Rs. 5,57,700 per annum".

For Rs. 60,000 profit we pay Rs. 5,57,700. So much for the dictum about the commercialisation of the Post Office.

(At this stage the Honourable the President resumed the Chair.)

Then, Sir, there are two other items which even this Davidson Committee were not able to evaluate. These are items concerning five States who have their own post offices, where we maintain offices of exchange, and all the correspondence to these particular States goes through those exchange offices. That costs us a certain amount of money. Then, Sir, there are 10 other States, including the premier State of India and other big States, where we maintain a post office of our own for receiving letters intended for British India and for those Indian States which are in the postal union with us. The maintenance of these post offices costs money. Why should we do it? If these States are not willing to come into the postal union they should be isolated and there are examples of Indian States which have been isolated even now. Or if the Government is anxious to keep them in the postal union, then the Exchequer is the only authority

which should be liable for all the losses incurred by the post offices in this matter. In this connection, Sir, I should like to ask if we had abolished our postal union with these people, who would have suffered? Not British India. The Indian States would have suffered. And what is paramountcy? The telegraph is maintained in every part of geographical India without anything being heard from Indian States, but in the post office we hear of this serious objection. Either it is true that paramountcy cannot be defined and its powers are unlimited or it has been defined and restricted.

THE HONOURABLE THE PRESIDENT : Under the guise of this amendment do you propose to review the entire administration of the Post Office?

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir, I am joining issue with the Finance Member when he says this is a commercial department and everything must be run on commercial lines. What is the commercial practice when we find that the Department is being run at a loss? If a branch is not making money I would close it, or I would ask the man who wants the branch to be kept to compensate me or give a guarantee. There must be some certainty, otherwise you cannot run it on a commercial basis. I am ready to regard it as a public utility department and say nothing about the commercial aspects. Then I would not mind the loss—it would not matter. The Honourable the Finance Member has been complaining that Indians want it both ways, but I find he has not been slow to acquire this bad habit during his short sojourn in India, and has become an adept at this game.

The Honourable Sir Frank Noyce said that it is not possible to decrease the expenditure. I do not know much, Sir, about the details of the working of the postal department and I will plead guilty to not having studied this question as much or as often as I have studied other questions. But I was surprised to find, Sir, that the interest on capital that this Department is paying is much more than that paid by the Railway Department. The Railway Department, Sir, on a capital at charge of Rs. 757 crores pays an interest of Rs. 29·90 crores which gives a rate of less than 4 per cent. while our capital at charge according to the Report which has just been placed in our hands—

THE HONOURABLE THE PRESIDENT : All this you could have usefully stated yesterday. We are now discussing the amendments and I would like you to confine yourself strictly to them.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, Sir, with due respect I submit that if we want a concession to be made and we show that it can be made by substantially reducing expenditure, we are perfectly justified in giving our views. The question is whether we can find Rs. 50 lakhs—the estimated loss or not? I am giving estimates, Sir, that you can reduce Rs. 15 lakhs from postal expenditure on account of concessions given to the States, and I am showing what we can do by reducing the rate of interest which is being charged to this Department. My source of information for this is the explanatory memorandum of the Finance Secretary at page 5. The budget estimate is for Rs. 81 lakhs of interest being paid by the Posts and Telegraphs Department and in the Annual Report I find, Sir, that the capital at charge of this Department at the end of the last year was Rs. 17·7 crores.

THE HONOURABLE SIR JAMES GRIGG : I think the Honourable Member is under a misapprehension. Both the Railway and the Posts and Telegraphs Departments are charged exactly what the money costs the Government of India—not a penny more. The difference which he has discovered in the average rate of interest is entirely due to the different times of borrowing.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I am attacking the system which the Government of India has adopted, of tacking on every loan of a particular year to department's expenditure. The rate charged from a commercial department should be the over-all rate of your ordinary debts. Or if you go further and incorporate your other obligations in it, the all inclusive rate which you paid last year should be charged in the next following year.

THE HONOURABLE SIR JAMES GRIGG : For the whole of the debt wherever borrowed? Well, that amounts to giving them a subsidy. That is the exact suggestion that my Honourable colleague, the Member for Industries and Labour, dealt with.

THE HONOURABLE MR. HOSSAIN IMAM : The point is, that you do not contract any loan for a particular purpose. You float a loan with which, one may say, you finance your deficit and meet other requirements. What about those deficits? Why should these debts which were borrowed in 1931-32, when the rate of interest even on Treasury Bills was 6½ per cent., bear the same rate now? Why should that rate be continued now?

THE HONOURABLE SIR JAMES GRIGG : Surely, a very good argument for it is that the Government is still paying that rate of interest on those loans.

THE HONOURABLE MR. HOSSAIN IMAM : Our argument is, that if there is central borrowing, the idea is to facilitate the rate of interest which each and every individual participating in the Central borrowing office would get. Otherwise, it will be impossible for us to repay all these loans that you have contracted. We have only a loan of Rs. 17 crores, and we can repay it to you by contracting a loan at 3 per cent. today in the market and save Rs. 28 lakhs a year. Would you allow the Post Office to repay that loan to you?

THE HONOURABLE SIR JAMES GRIGG : Certainly not when we have not the right to repay our loans to the public.

THE HONOURABLE MR. HOSSAIN IMAM : A great part of the postal loans were taken before we started commercialisation of this Department. A great part of this capital was really not a loan, as it was financed from revenue. If you go into its history, you will find that all these postal buildings and other things were financed from revenue. It was only because commercialisation of the Department was started that we brought in all these systems of accounting. To saddle this Department with the higher rate of interest which prevailed in the post-war years is hard lines. In this Department, the loan is so small as Rs. 17·7 crores as compared to Rs. 757 crores on the Railways and we pay Rs. 14 lakhs more interest than we would be called upon to pay if we had to pay the same rate of interest as the Railways. That, Sir, is the jugglery—if the Finance Member will excuse me—of the Finance Department by which they want to show a reduction in the rate of interest on other uncovered portions of our loans. Incidentally, the rate for these loans which are called interest-bearing obligation not covered by above assets is 4·5, while you charge the Post Office 4·6 per cent. and Railways 3·8 per cent. You are charging more interest than you are charging for your obligations which were taken just at the end of the period during the last five or six years when we had deficit budgets.

Now, I come to the question of the Post Office itself. Why should the Postal Department bear the losses of the Telegraph Department? The Postal

Department is a unit, and there was a profit in it, after paying interest and other things, of Rs. 24,33,000 in the year 1934-35. The revised estimate given to us for 1935-36 is Rs. 23,64,000. The losses on the Telegraph Department has increased in this year because of the decrease in telegraph rates. The loss on the Telegraph Department in the year 1934-35 was Rs. 7·87 lakhs and this year it is Rs. 34·56 lakhs.

THE HONOURABLE MR. G. V. BEWOOR : That was due to the special reason that contributions to the Depreciation Fund were not made to the full extent as a temporary measure.

THE HONOURABLE MR. HOSSAIN IMAM : That is what I am drawing the attention of the House to. There is that loss. The loss is due to the Telegraph Department, and the people who use the post card and the letters are entitled to get relief to that extent. There is a net loss to the Department which should be paid by the Telegraph Department. If we have reached the point of diminishing returns, if an increase in traffic rates will cause a decrease in the traffic, if that is the argument, you have to find out what is wrong with the Department—whether you have over-capitalised it or over-valued its assets. Have a Committee and revise the capital at charge, or reduce the rate of interest. Approach the Finance Member for a revision of the rates. But you are not entitled to saddle that responsibility on the Postal Department. So, I have established that there is a clear profit of Rs. 23 lakhs even today to recoup this expenditure. There is the possibility of reducing the expenditure by reducing the rates of interest which the Finance Department ought to charge. It amounts to Rs. 14 lakhs. And there is another Rs. 15 lakhs to be found by the Exchequer, to be paid to the Post Office, on every commercial principle, due to mistakes of former days. So, you get Rs. 52 lakhs from these three heads, which will balance the loss of Rs. 50 lakhs of the Postal Department.

I now come to the volume of the post cards that will be carried at the reduced rate. Sir, it is instructive to find that although they have increased the rate on the post card by 50 per cent., the actual increase in the income is only 10 per cent. of what it was in 1928-29.

THE HONOURABLE SIR FRANK NOYCE : Before the depression !

THE HONOURABLE MR. HOSSAIN IMAM : Yes, Sir, before the depression. But every year consecutively, without any stop, the number of post cards carried has fallen, whereas you find that in books, newspapers, letters, parcels, money orders and everything else, there has been lately an increase. If you go on continuing this rate of three pice for the post card, I can tell you that most probably you will come to a point when your increased rate would be neutralised and you will have no excess of income on account of the 50 per cent. increase. That also should induce the Department to be more considerate and give the post card a chance. With these few words, Sir, I commend this amendment to the acceptance of the House and I hope that it will fructify next year.

THE HONOURABLE MR. G. V. BEWOOR (Government of India : Nominated Official) : Sir, I ought to be very grateful to the last speaker, as he has suggested to me very many ways of robbing some other people in order to improve the revenues of this Department. When I heard that the Honourable Member was going to make suggestions for improving the revenues of the Department, I immediately pricked up my ears, because this is just the type of man I want for my Department, but I very much regret to say, Sir, that most of his suggestions are like robbing Peter to pay Paul. The Honourable Member

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criticised the accounts of the Department. I very much regret that apparently his attention has never been drawn to a most excellent Report which was drawn up by a Committee which was constituted in 1931. This Committee was known as the Postal Accounts Enquiry Committee, and it was presided over by one of the well-known commercial magnates of Bombay, and had on it a special financial expert from England and one from India. If the Honourable Member had read this Report, I am sure that half of his speech would not have been delivered. I should be very delighted to send him a copy and I would request him to read the Report. I am sure that when he has done so he will not repeat many of the criticisms that he has made today.

Regarding interest on the capital assets of the Department, Sir, there is a whole chapter devoted by the Committee to the question whether Government is right in charging interest on the capital at charge of the Department or not, and the Committee came to the conclusion that it is essential to charge interest on the capital of the Department in order to arrive at a correct estimate as to whether the Department was paying its way or not.

As regards the rate of interest, again they examined the same criticism that has been made by the Honourable Member. They state that the rate of interest per cent. per annum is the same as is charged on the capital expenditure on major irrigation and other works, that is to say, on the capital outlay of commercial departments generally. A rate of 3·3252 per cent. has been fixed in perpetuity in respect of capital outlay up to 1916-17. On the rest the rate has varied from year to year, and the rates actually charged have been mentioned in this Report. I am sure the Honourable Member will now be satisfied that the interest charged to the Department is not excessive and that interest is a correct charge in dealing with the commercialised accounts of a Department.

THE HONOURABLE MR. HOSSAIN IMAM : Why is it a half per cent. more than for the Railways ?

THE HONOURABLE SIR JAMES GRIGG : I tried to explain that to the Honourable Member. The rate of interest depends on the time when the money was borrowed and the rates of interest obtaining at the time. The difference simply means that the Post Office borrowed their capital at a different time, or had a different distribution for their borrowings than the Railways. That is all.

THE HONOURABLE MR. G. V. BEWOOR : I will now pass on from the question of interest to the question of Indian States. The Honourable Member raised again a rather controversial point of extraordinary historical interest. Here again, the Committee examined this criticism and they have devoted a chapter to it. I will only read out a short passage from their conclusion. They say :

“ Our own examination of the documents placed at our disposal leads us to endorse the view of the Butler Committee that the grants of service stamps have been made on no general principle. Broadly speaking, however, the concessions have been made in most cases to attain throughout India a unified postal system, which would conduce to the general convenience of the public, and the ultimate advantage of the Department. We are not, therefore, in a position to recommend, immediately, either the stoppage of these concessions or the allocation of the cost thereof to any other department of Government ”.

Sir, the matter is under consideration in connection with political developments that are now going on, but at the present moment it is not a matter which we could profitably raise in this discussion.

One of the points made by another Honourable Member was that this is a commercial department and we should therefore close all our losing concerns, and the Honourable Mr. Hossain Imam mentioned in this connection that we should close post offices in Indian States. Sir, is the Honourable Member prepared to have me close all the losing post offices in India ?

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir. Because we pay for them ; the Indian States do not.

THE HONOURABLE MR. G. V. BEWOOR : Now, Sir, all our post offices in Indian States are not losing concerns. There are some very paying concerns. Sir, the real point is that the Department is not a commercial concern. I am afraid that there is a great deal of misunderstanding on this point and there is a great deal of loose thinking and the term " commercial " is used very loosely. The point is that the Department is a public utility department. It is fully recognised, and Government have said so more than once, that the Posts and Telegraphs is a public utility department. But they have also stated that, like all other public utility departments such as railways, etc., the Department is expected to pay its way. In its monopoly of postal and telegraphic services the Department has a valuable monopoly, and there is no reason why such a valuable monopoly should not be worked in such a manner as not to be a burden on the taxpayer but instead be a source of benefit. The whole essence of the Department therefore is this ; it is a public utility department, and must be regarded and worked on a self-supporting basis. And in order to find out whether it pays its way or not, we maintain the accounts on a commercial system, and the whole basis of a commercial system is that all debits and credits should be shown on both sides and nothing should be hidden. There should be neither an indirect subsidy nor an indirect revenue derived from the Department. That being so, Sir, in the last few years when the depression came on and reduced our traffic, our efforts have been aimed in two directions ; one was to reduce our expenditure and the other was to improve our revenues. We have in the last few years carried out most extensive retrenchments, and we are glad to say that today, in spite of the large number of staff who are on the old incremental scales of pay, we hope to have our expenditure in 1936-37 about Rs. 38 lakhs less than what it was in 1929-30 when we had reached the highest peak. As regards the revenue side, unfortunately the depression brought down our revenue. Various measures have been taken and are being taken, by way of publicity and by stopping leakages, to improve our revenue. For the next year therefore we estimate revenue at Rs. 11 crores and 75 lakhs. One of the Honourable Members has criticised this as being an under estimate, and I have been told that the elections are going to bring in a very large revenue. I am extremely glad to hear it and I only hope the Honourable Member will not forget to spend Rs. 2,000 on postal and telegraph services in connection with his election ! But I am afraid, Sir, our experience of past elections does not give us that hope of a large revenue which has been estimated.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : There is now a much larger number of voters.

THE HONOURABLE MR. G. V. BEWOOR : I am quite aware that the franchise has been broadened and that there are more electors. I have however to take into consideration the fact that a large number are not literate and that it will be no use sending handbills to people who cannot read. There are also other means of publicity such as speeches and so on. So it is no use

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my making an estimate which will not come right. The House may criticise me next year for having made excessive and unjustifiable estimates. With our experience we think that, allowing for the elections, the estimate of Rs. 11 crores and 75 lakhs, which is Rs. 45 lakhs more than the highest revenue we have derived in the last few years since the accounts were commercialised in 1925-26, is a very fair estimate. If anything, it is rather on the optimistic side. Honourable Members are aware of the general conditions in the world today, and he would be a bold man who could say that things will go on improving. We must therefore be cautious in our estimates. It is no use letting our imagination run away with us and in our desire to have a half-anna post card, put up our estimates to a fanciful figure. That being so, we anticipate for the next year a surplus of just Rs. 2 lakhs. It is not possible out of that surplus to find the Rs. 50 lakhs required for the reduced post card. It is not as if Government is not aware of the strong desire of Members of the House here and elsewhere for a lower letter rate, for a lower post card rate and also for lower registration charges and so on. Who does not desire a lower rate? But we have to cut our coat according to our cloth. It is not as if we have done nothing for the public. As soon as our revenues improved and we had a surplus we gave the public a lower letter rate of one anna for half a tola. As soon as the revenue further improved we have given them a lower letter rate of one anna for one tola. We have permitted a larger private manufactured post card, and a better printed embossed post card; and I am sure, Sir, the action taken by Government should convince Honourable Members that Government is not forgetful of the wishes of Honourable Members here and elsewhere. There are besides other demands on the revenues of the Department for a number of beneficial purposes. The Honourable Diwan Bahadur Narayanswami Chetty wants motor car services between places connected by rail. There are people who want more post offices in villages. The other day we abolished one of the four services connecting Burma and India, and there was a great deal of agitation and we were not permitted to save that money. The public wants various facilities and we want to give them those facilities. But you cannot have more facilities, more offices, longer hours of work, more deliveries, better services, and low rates. The proper thing therefore is to proceed on sound lines, to build up our revenue, to organise our expenditure, to give to the public the full benefit that we can possibly give, and then reduce our rates. What good is it to the public, to the rural public, to the poor man, if you give the half-anna post card and the nearest post office is 15 miles from his village or he receives a delivery by a postman once a month? Surely it is better that we should give all the benefits simultaneously. The Honourable Raja Ghazanfar Ali Khan enquired about the remark made by the Honourable Member in charge of Industries and Labour about the benefit to the poor man. Nobody denies that when you sell the post card for two pice instead of three pice you benefit the purchaser. It is an obvious truth, but the point we wish to make is this. You say that the poor man will be benefitted by the reduction in the post card rate. We say "True, but what is the extent of the benefit and what is the burden on the revenues of the Department?" There are, as we have said, 410 million post cards in the inland post per annum. Assuming—and this is a pure assumption but a generous one in favour of your line of argument—that some 75 per cent. of these post cards are used by the poor man, it comes to 300 million post cards. There are 350 million people in India and if you assume that the head of the family pays for the post card and not every woman and child—taking five people for an average family—there are 70 million families. I assume again—and this again is a pure assumption—that 60 millions of these families

belong to what you call the poor classes. That gives an average of five post-cards per man or rather per head of the family per annum. By reducing the post card rate you are going to benefit a family by five pice or one and a quarter annas per annum. At the same time, I am told, Sir, that the poor man will send more post cards. It is not as if the number of post cards will remain the same. Let us assume that each poor man of the 60 millions sends one extra post card. That must happen; otherwise how is the post card traffic to go up. I have been told to assume that 410 million post cards will in one year become 500 millions and that I will lose very little. Somebody has got to buy those post cards if I am to get more revenue and if the poor men are going to buy that extra post card, the benefit which is one and a quarter annas per annum will be reduced by half an anna for every post card which he is going to buy. The illiterate man has further to pay one pice more to get his post card written. He is not going to benefit to that extent therefore of three pice, having thus only a benefit of half anna per annum. I do not deny that there is a benefit. I am merely saying that there is a large amount of loose thinking and gross exaggeration in the minds of Honourable Members of the benefit which it is alleged, will accrue to the poor man by having a half-anna post card.

Now, Sir, I should like to conclude. I have taken more time of the House than I had intended to take. I wish to assure the House, as the Honourable Member in charge of my Department has already done, that we have every sympathy with the demand that Honourable Members on the opposite side have made and I may further assure them that the matter has not been lost sight of by the Department. We ask you to wait, we ask you, as I have already said, to permit us to build up our revenue, and put the Department on a sound basis. We will not hesitate to reduce the rates if we can possibly do so. No one can say whether we could do it next year or the year after. That depends on the course of revenue and expenditure in the coming year. But, Sir, after having heard what the Government are doing and after having heard the assurance of the Honourable Member in charge of the Department, I am sure the Honourable Mover of the amendment will withdraw it. (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to support the amendment of my Honourable friend Raja Ghazanfar Ali Khan. I expected from the Honourable Mr. Bewoor a reply to a very pertinent question which my friend Mr. Hossain Imam put to him as to whether the Postal Department was making a yearly profit of about Rs. 24 lakhs, while the Telegraph Department was losing, and on that the Honourable Mr. Bewoor has thrown no light.

THE HONOURABLE MR. G. V. BEWOOR: I am sorry, Sir, that as there were so many points raised during the course of the debate and as I thought it was too late in the day, I rather confined myself to a few points, but I would refer the Honourable Member—

THE HONOURABLE THE PRESIDENT: You will have a right of reply. You can allow the Honourable Member to speak and I will give you an opportunity to speak again.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The second point which I want to ask my Honourable friend, the Director General of Posts and Telegraphs is whether any detailed statistics are kept by the Postal Department as regards post cards sent to rural areas and the post cards sent

[Rai Bahadur Lala Ram Saran Das.]

to urban areas. Did the Honourable Member make a guess only or is his statement supported by statistics? My own assumption is that people in rural areas generally very largely use post cards. My Honourable friend Mr. Bewoor has observed that in rural areas deliveries are made once a month. Does that statement not mean that the people in rural areas are not given due consideration in treating their communications. In every civilised government communications are the blessings which everybody expects, and if that statement made by the Honourable Mr. Bewoor is right that in the villages there is a delivery once a month, I think the Postal Department ought to immediately mend that. As far as the Punjab is concerned, my own information is that in most of the villages postal deliveries are effected once a week, but I am rather amazed to hear that in certain areas as long as a month is taken before a second delivery is expected. Whether we consider the Department as a commercial department or as a public utility department, the rural people have as much claim to postal services as the urban people have. My friend also referred to the Cowasji Committee and that Report was circulated to the Members of the Legislature as far as I remember, but there was no discussion on that Report; and so, Sir, mere publication of a report of a Committee does not mean that the report has got the support of the Legislature. As there is great economic depression and a good deal of poverty, if Government feel for the poor in rural areas, they must as desired reduce the postal charge and that charge should be met from the excess estimate or from the revenues of the Postal Department. In case the Telegraph Department does not pay its way, then certain other measures ought to be adopted by which the Telegraph Department will pay its way. The Telegraph Department should not be worked at the expense of the Postal Department and so I will use the same expression which Mr. Bewoor used that we should not rob Peter to pay Paul. Here you are doing that, you are robbing the Postal Department to pay the Telegraph Department. This is a universal demand that Government should meet us as far as this demand is concerned. So I will urge upon the Government to reconsider their decision and accept this reasonable amendment.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I rise to support the Motion moved by my friend Raja Ghazanfar Ali Khan. I will not repeat the arguments that have already been advanced but I certainly question very strongly when it is said that the Post Office should be regarded as a commercial department. I am one of those, Sir, who believe that it is the first duty—

THE HONOURABLE THE PRESIDENT : Are you not satisfied with the explanation that Mr. Bewoor gave that the word is very loosely used?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : No, Sir, I am not satisfied. It is the duty of every civilised Government to make communication as easy as possible and as cheap as possible and therefore they should not regard the Post Office as a commercial Department. It is a department of public utility and they should consider it in that light. I do not mind their regarding the telegraph and telephone as a commercial department—they can be considered in that light, but not the post office.

Sir, we all know that the increase from six pies to nine pies was made as an emergency measure in 1931 for 18 months only but we are sorry to find

that it is being kept year after year. And if the Government has definitely decided that it is a commercial department, what was the necessity of restoring the salaries cut in the Department when there was a deficit budget year before last ?

Sir, I moved a similar amendment in 1934 and in reply to my arguments the Honourable Sir Frank Noyce was pleased to give a definite assurance, on which I withdrew it on that occasion. He said :

“ I have convinced the House that we are in sympathy with the motive which has prompted it and we hope that it will not be long before the amendment will be embodied in the Finance Bill presented to the Council ”.

THE HONOURABLE SIR FRANK NOYCE : I still hope so.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, this assurance was given—

THE HONOURABLE SIR FRANK NOYCE : Sir, that was no assurance. It was merely a hope, which is a very different thing. I still possess that hope and I am still unable to give an assurance.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : My Honourable friend may treat it as a hope but we regard it as an assurance coming from the Member in charge. We had a surplus budget last year in 1935 and we were expecting that after this assurance in 1934 this would be incorporated in the budget. But we were disappointed. Last year we did not move any amendments as a protest against a certified Bill. This year we have again received a certified Bill and we decided that we must give vent to our feelings on the particular Motion and point out to the Honourable Member in charge that he has had a surplus budget for the last two years and, whether it was a hope or an assurance, he ought to have incorporated it in the Finance Bill. He has failed to do it and therefore, Sir, we have moved the amendment in this House today and I strongly support it.

THE HONOURABLE SIR FRANK NOYCE : Sir, I do not propose to detain the House long but one or two points have been raised by the last few speakers at on which I feel I ought to touch. One is that raised by my Honourable friend, the Leader of the Opposition, who holds that because the postal branch of the Department is working at what he thinks is a profit and the telegraph branch is working at a loss, therefore we ought to reduce the postal charges, and possibly raise the telegraph charges. I really thought that after many years of explanation in this and the other House we had got rid of the idea that different branches of the Department must be treated separately.

THE HONOURABLE RAI BAHADUR LALA RAMSARAN DAS : They ought to be treated separately.

THE HONOURABLE SIR FRANK NOYCE : When the Posts and Telegraphs Departments were combined some years ago, they were combined with the idea that the Department should be treated as a whole and it is on that basis that we have been working ever since. It is, I submit to the House, Sir, a natural basis. The postal, telegraph, wireless and telephone branches are all inter-connected and are all engaged in providing communication services which compete within

[Sir Frank Noyce.]

limits with each other. For instance, if the urgency of a communication is such that a day or two makes no difference, the communication is sent as a letter and not as a telegram. If, on the other hand, the message is of such urgency that the sender wants to send it immediately he obviously has to try to secure a trunk call, and so on. You must treat all the various means of communication provided by the Posts and Telegraphs Department as a whole and for the purposes of a reduction of charges you cannot set off the loss and gain against each other. But even if my Honourable friend's contention were accepted, what is the position? Now, Sir, for next year we estimate a profit of Rs. 17 lakhs only on the postal branch. How are you going to provide Rs. 50 lakhs out of that for the reduction of the post card rate? Again, Sir, when my Honourable friend talks of the heavy loss on telegrams, he entirely overlooks the fact that we are making a very considerable profit out of telephones. Those are the complementary methods of communication which are most closely connected and undoubtedly a great deal of the heavy loss on telegrams is due to the fact that people are using the telephone to a far greater extent than they used to and to an extent that is rapidly increasing. Would my Honourable friend suggest that we should shut down the Telegraph Department altogether? It is, I submit, Sir, absolutely out of the question to treat the various branches of the Department separately. We have, of course, to see how they are working financially for our own information and obviously to adjust our rates accordingly.

I think it was my Honourable friend the Leader of the Opposition who asked if we have statistics of post cards for rural areas. We have some rather interesting information on that point. Some time ago we took special statistics for about 250 rural post offices. It is a small number compared with the vast number of post offices throughout the country, but still the figures obtained are a guide. These statistics were taken for a fortnight and we found that the proportion of letters to post cards was 182 to 100.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask, Sir, whether that census was taken at a time of marriages or harvesting?

THE HONOURABLE SIR FRANK NOYCE: It was taken at a normal period as far as I know, and I am informed the proportion of post cards to letters was 182 to 100 as compared with a proportion of 112 to 100 for the whole of India. That is a complete answer to the Honourable Mr. Banerjee's statement that only 5 per cent. of the communications sent from rural post offices are sent in the form of letters.

I have nothing else to add to the exposition of our case set out by the Honourable Mr. Bewoor except in regard to the point raised by the
5 P.M. last speaker about the Post and Telegraph Department being a commercial department. As Mr. Bewoor has said, there has been a lot of loose thinking about it. It is called a commercial department, but we have emphasised time and again that it is only a commercial department in the sense that it is expected to pay its way and that our policy in regard to reduction of rates is based upon that. As and when it does so, we are able to alter our post and telegraph rates accordingly. The Department is, at the moment, I am glad to say, paying its way, but it is not yet paying its way to such an extent as to enable us to make the drastic alteration in the rates on post cards suggested by my Honourable friends opposite.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1936, for the entries under the head 'Postcards' the following be substituted, namely:

'Single	·	·	Six pies.
Reply	·	·	One anna'."

The Question is:

"That that amendment be adopted."

The Council divided:

AYES—19.

Aakuran, The Honourable Mr. Shantidas.	Khaparde, The Honourable Mr. G. S.
Banerjee, The Honourable Mr. Jagadish Chandra.	Kidwai, The Honourable Shaikh Mushir Hosain.
Barna, The Honourable Srijiit Heramba Prasad.	Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Buta Singh, The Honourable Sardar.	Mitha, The Honourable Sir Suleman Cassim Haji.
Ghazanfar Ali Khan, The Honourable Raja.	Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.	Ram Saran Das, The Honourable Rai Bahadur Lala.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.	Sapru, The Honourable Mr. P. N.
Hossain Imam, The Honourable Mr. Jagdish Prasad, The Honourable Rai Bahadur Lala.	Sinha, The Honourable Kumar Nripendra Narayan.
Kaliker, The Honourable Mr. V. V.	Suhrawardy, The Honourable Mr. Mahmood.

NOES—29.

Akram Husain Bahadur, The Honourable Prince Afsar-ul-Mulk Mirza Muhammad.	Johnson, The Honourable Mr. J. N. G.
Bewoor, The Honourable Mr. G. V.	Kameshwar Singh of Darbhanga, The Honourable Maharajadhiraja Sir.
Campbell, The Honourable Sir George.	Maqbul Husain, The Honourable Khan Bahadur Shaikh.
Charanjit Singh, The Honourable Raja.	McIntyre, The Honourable Mr. W. T.
Chetty, The Honourable Diwan Bahadur G. Narayanaswami.	Menon, The Honourable Diwan Bahadur Sir Ramunni.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.	Muhammad Hussain, The Honourable Khan Bahadur Mian Ali Baksh.
Clow, The Honourable Mr. A. G.	Noon, The Honourable Nawab Malik Sir Mohammad Hayat Khan.
Commander-in-Chief, His Excellency the.	Parker, The Honourable Mr. R. H.
Devadoss, The Honourable Sir David.	Raisman, The Honourable Mr. A. J.
Ghosal, The Honourable Sir Josna.	Ray of Dinajpur, The Honourable Maharaja Jagadish Nath.
Glancy, The Honourable Sir Bertrand.	Russell, The Honourable Sir Guthrie.
Hafeez, The Honourable Khan Bahadur Syed Abdul.	Thomas, The Honourable Mr. E. F.
Haidar, The Honourable Khan Bahadur Shams-ud-Din.	Williams, The Honourable Mr. A. deC.
Hallett, The Honourable Mr. M. G.	
Ishrat Husain, The Honourable Saiyid.	
Jagdish Prasad, The Honourable Kunwar Sir.	

The Motion was negatived.

THE HONOURABLE THE PRESIDENT: Honourable Mr. Mehrotra, I thought you were not going to move your amendment as you did not rise at the proper time.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: I got up, Sir, but you called the Honourable Raja Ghazanfar Ali Khan.

THE HONOURABLE THE PRESIDENT : You ought to have brought it to my notice then that your amendment preceded his amendment. Do you still, after seeing the result of this division, wish to move your amendment ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : We know the result of our amendments in this House. There cannot be any other result in this House, but we have to do our duty.

THE HONOURABLE THE PRESIDENT : Then you have decided to move it ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Yes, Sir.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I beg to move :

"That in Schedule 1 to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Letters' the following be substituted, namely :

'For a weight not exceeding one tola	One anna.
For a weight exceeding one tola but not exceeding two and a half tolas	One anna and three pies.
For every additional tola or fraction thereof	Half an anna'."

Sir, I am glad the Government has realised its mistake in keeping the weight of half a tola for a one anna envelope and has this year increased the weight to one tola. But what they have given with one hand they are taking away with the other. At present a letter weighing two and a half tolas can be sent for one anna and three pies. Now under this Bill a letter weighing two and a half tolas will cost two annas. I consider it to be a big jump and I warn the Government that they will find in due course that their proposal is unreasonable and the jump too great. I have therefore proposed a gradual increase and by my amendment a letter weighing up to two and a half tolas will cost one anna and three pies. After that any increase in weight will be charged half an anna for each tola or part thereof, as proposed by Government. The amendment is very simple and I do not think it will cost the Government much, and possibly it may not cost the Government anything more. They have at present budgetted for an excess of Rs. 2 lakhs in the Posts and Telegraphs and as far as I can see my amendment will not cost more than that amount. As the Government has not seen its way to accept either of the two bigger amendments, I hope that they will accept this minor one.

With these words, Sir, I move.

THE HONOURABLE MR. G. V. BEWOOR : Sir, the existing postage rate on letters is somewhat illogical. As all Members are aware, we charge one anna for the first half tola, then for the next two tolas the additional charge is only one pice, and when the two and a half tola limit has been passed the charge increases immediately by one and a quarter annas. This rate is of course the result of various modifications made in the past. At first the rate was one anna for two and a half tolas and then an extra pice was put on. Then we came down to the half tola unit and fixed the one anna postage rate. The proposal that has been made in the Finance Bill is definitely intended to put the letter rate on a rational basis, the rational basis being one anna for the first tola and half an anna for each subsequent tola. We consider that this is a rational basis as the rate increases uniformly from weight to weight and the increase is not very high at each stage, that is to say, it does not jump up by more than two pice for each tola.

If we accept the amendment that has been proposed the rate would increase by only one pice for the weight between one tola and two and a half tolas, and after that each additional tola is only going to give us half an anna. We consider that this is not a rational rate. The Honourable Member seems to think that his proposal would not involve any loss, or, if it does at all it would be a very small amount. Well, Sir, we have made our estimates. A similar proposal was given notice of in the Assembly but not moved, and our estimate is that the loss in revenue would be Rs. 26 lakhs, because, as will be noticed, on the letters between one tola and two and a half tolas we would be losing and we would be losing very heavily on letters above two and a half tolas. A large percentage of letters, about 70 per cent. generally come in the first unit of weight, but of the rest 20 per cent. would come in the one tola to two and a half tola category. As the loss is Rs. 26 lakhs and as the tariff proposed by the Honourable Member is not on a rational basis, I must oppose the amendment.

THE HONOURABLE THE PRESIDENT : Do you wish to press your amendment ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I do not wish to withdraw.

The Motion was negatived.

Schedule I was added to the Bill.

Clause 3 was added to the Bill.

Schedule II, Parts I and II, were added to the Bill.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

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

"That the Bill in the form recommended by the Governor General be passed".

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : Sir, I have an objection, the objection being that the Bill is already law and we cannot pass a passed law. When the Viceroy certified it, it became a law straight off and therefore it cannot be again passed.

THE HONOURABLE THE PRESIDENT : Let me tell you that it did not become law on the certification of the Viceroy. After the consideration and passing by this House, it will become law. Even if amendments were passed, it would be open to the Viceroy not to assent to them. What you are stating is not the correct position.

THE HONOURABLE MR. G. S. KHAPARDE : With due submission to your ruling, Sir, whether we pass it or not it becomes law. If so, it has already become law and being law, it cannot be passed again.

THE HONOURABLE THE PRESIDENT : That is a mere quibbling with words.

Honourable Mr. Kalikar. I hope you will now confine yourself to the Bill itself and not go into other extraneous matters.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : If you want me, Sir, I shall be as brief as possible. I can finish my speech in five minutes or I can go on for an hour.

THE HONOURABLE THE PRESIDENT : I know that !

THE HONOURABLE MR. V. V. KALIKAR : I shall be as brief as possible. I shall finish my speech within ten minutes, Sir.

Sir, you want me to go into the merits of the Bill. My first objection to go into the merits of the Bill is as follows. As far as I can read the Government of India Act, as far as I can read the Montagu-Chelmsford Report on the Reforms, and as far as I can understand the position under the law which is given to the Executive in this House or the Government of India, and after taking into consideration not only the recommendation but the certification, I do not think any useful purpose will be served by going into the details of the Bill, and therefore, Sir, I refuse to go into the details of the Bill. There is a feeling, Sir, on that side of the House that we think they are responsible to us. We know that they are not responsible to us. What we desire is that they should be responsive to our wishes. We do not say that under the law they have committed any mistake in getting the Bill certified. None of us has said so. We have always been saying and repeating that they are irremovable, that they are not responsible to us. What we say is that they should respect the wishes of the representatives of the people in the Legislature. They should be reasonable and they should help in developing the Constitution of which they are so proud. Sir, the question is whether the Executive should respect the wishes of the representatives in the Legislature or not? They are perfectly right according to the law, according to the letter of the law, in rejecting our wishes, in rejecting our demands, but are they reasonable, because I want them to be reasonable, because under the Act we have been conceded the right of criticising the action of the Executive, the right of expressing our wishes in this House. What is the use, what is the importance, of conceding that right? What is the use of having a discussion on the Finance Bill? According to me, Sir, the use of having a discussion on the Finance Bill is to allow an opportunity to the Executive to readjust their plan according to our wishes, and to remedy the grievances of the public. Sir, in the other House a long list of Resolutions passed by the Legislature and accepted by Government was read out. It was stated that on other Resolutions the Government did not find their way to agree to the wishes of the representatives of the people, because that was against their policy. It seems to me, Sir, that those Resolutions were accepted by the Government not because they had a desire to do something in the interests of India but because they were dictated to from above to accept those Resolutions. I know, Sir, that another Government was in power at that time in England and that Government wanted to accept to some extent the wishes of the representatives of the people and therefore they had to accept those Resolutions. I mean the Labour Government was in office.

THE HONOURABLE SIR JAMES GRIGG : The list that I read out related to a period before the Simon Commission and not to the period of the Labour Government at all.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): How many of those Resolutions which were accepted were accepted during the period when Mr. Montagu was Secretary of State?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): I think we will never finish at this rate. The Honourable Member is on his feet.

THE HONOURABLE MR. V. V. KALIKAR: Well, is it a fact that no Resolutions were accepted when the Labour Government was in power? Is it a fact that no Resolutions were accepted when Mr. Montagu was in power? Sir, I am convinced that it was not to meet the wishes of the representatives of the people that the Resolutions were accepted, but I again repeat that the Resolutions were accepted because orders were given from above. Sir, I will leave the past and speak of the present. I should like to speak of the present session of this House. A modest Resolution was moved by my friend Mr. Sapru to appoint an advisory committee—a committee to advise only—in army matters, and the Resolution was strongly opposed. What does that show? That shows clearly that you do not want to take the representatives of the people in your confidence. His Resolution did not suggest that you should accept the recommendations of that Committee. His Resolution suggested that you should only consider the suggestions made by the representatives of the people; but you did not accept it; not only that, but you strenuously opposed it. So I do not want to speak of the past. Just as you remarked, Sir, yesterday, a Member of the Government might have been provoked to make certain remarks, or quote certain quotations—

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Very objectionable quotations.

THE HONOURABLE MR. V. V. KALIKAR: We can give quotations from men like Burke, John Stuart Mill, and many others. But what is the use? I wish the Executive of the present day to bring about an atmosphere in India for receiving the new Act which has been recently passed. Are you going to do that by this way of yours? I am a man who has got very strong faith in constitutional methods. You are playing into the hands of those who favour direct action. You are playing into the hands of those who are talking of boycotting your next reforms. Mind you, if you have adopted this attitude and if a certain section of the Indian public takes it into their heads not to work the reforms but to wreck the reforms, I shall hold the present Government of India responsible for it.

Sir, I do not desire to enter into the merits of the Bill because I know I have not the power to change a comma in it. I therefore merely record my emphatic protest against the Bill.

THE HONOURABLE THE PRESIDENT: Motion made:

“That the Bill in the form recommended by the Governor General be passed”.

The Council divided :

AYES 32.

<p>Akram Husain Bahadur, The Honourable Prince Afsar-ul-Mulk Mirza Muhammad. Bewoor, The Honourable Mr. G. V. Buta Singh, The Honourable Sardar. Campbell, The Honourable Sir George. Charanjit Singh, The Honourable Raja. Chetty, The Honourable Diwan Bahadur G. Narayanaswami. Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji. Clow, The Honourable Mr. A. G. Devadoss, The Honourable Sir David. Ghosal, The Honourable Sir Josna. Ghosh Maulik, The Honourable Mr. Satyendra Chandra. Glancy, The Honourable Sir Bertrand. Hafeez, The Honourable Khan Bahadur Syed Abdul. Haidar, The Honourable Khan Bahadur Shams-ud-Din. Hallett, The Honourable Mr. M. G. Iahrat Husain, The Honourable Saiyid. Jagdish Prasad, The Honourable Kunwar Sir.</p>	<p>Jalan, The Honourable Rai Bahadur Radha Krishna. Johnson, The Honourable Mr. J. N. G. Kameshwar Singh of Darbhanga, The Honourable Maharajahdiraja Sir. Maqbul Husain, The Honourable Khan Bahadur Shaikh. McIntyre, The Honourable Mr. W. T. Menon, The Honourable Diwan Bahadur Sir Ramunni. Muhammad Hussain, The Honourable Khan Bahadur Mian Ali Baksh. Noon, The Honourable Nawab Malik Sir Mohammad Hayat Khan. Parker, The Honourable Mr. R. H. Raisman, The Honourable Mr. A. J. Ray of Dinajpur, The Honourable Maharaja Jagadish Nath. Russell, The Honourable Sir Guthrie. Suhrawardy, The Honourable Mr. Mahmood. Thomas, The Honourable Mr. E. F. Williams, The Honourable Mr. A. deC.</p>
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NOES 10.

<p>Banerjee, The Honourable Mr. Jagadish Chandra. Halim, The Honourable Khan Bahadur Hafiz Muhammad. Hossain Imam, The Honourable Mr. Jagdish Prasad, The Honourable Rai Bahadur Lala. Kalikar, The Honourable Mr. V. V.</p>	<p>Khaparde, The Honourable Mr. G. S. Kidwai, The Honourable Shaikh Mushir Hosain. Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad. Ram Saran Das, The Honourable Rai Bahadur Lala. Sapru, The Honourable Mr. P. N.</p>
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The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, the 7th April has been allotted for official business and so far as we know at present the official business will be these two Resolutions which will be moved by the Honourable Mr. A. G. Clow :

" 1. This Council having considered the draft Convention concerning the establishment of an international scheme for the maintenance of rights under invalidity, old-age and widows' and orphans' insurance, adopted by the Nineteenth Session of the International Labour Conference, recommends to the Governor General in Council that he do not ratify the Convention.

2. This Council having considered the draft Convention limiting hours of work in coal mines, adopted by the Nineteenth Session of the International Labour Conference, recommends to the Governor General in Council that he do not ratify the Convention."

The 17th April has been allotted for non-official business and I understand that the balloting under the rules will probably have to be on the 2nd April as the 17th is the date allotted. Of course, on the 8th, as has already been announced, the House has been summoned to a joint session to hear the Address by His Excellency the Viceroy, and I would only remind Honourable Members that their presence has been requested.

The Council then adjourned till Eleven of the Clock on Tuesday, the 7th April, 1936.