

Thursday, 12th November, 1931

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LEGISLATIVE ASSEMBLY DEBATES
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(4th to 20th November, 1931)

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OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931



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Legislative Assembly.

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Assistants of the Secretary :

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Marshal :

CAPTAIN NUR AHMAD KHAN, M.C., I.O.M.

Committee on Public Petitions :

MR. R. K. SHANMUKHAM CHETTY, M.L.A., *Chairman.*

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LEGISLATIVE ASSEMBLY.

Thursday, 12th November, 1931.

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

QUESTIONS AND ANSWERS.

REPORTED DESPATCH TO THE SECRETARY OF STATE ON INDIANISATION OF THE ARMY.

1254. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that a despatch was sent about October 1931 by H. E. General Sir Philip Chetwode, or by Government, to the Secretary of State, on the Army problem, coupled with a threat from the Army Council in India of resignation, if the pace of Indianisation in the Army were to be speeded up?

(b) If so, was the despatch placed before the Army Retrenchment Sub-Committee for consideration of the proposals contained therein?

Mr. G. M. Young: (a) No, Sir, the statement is unfounded in every particular.

(b) Does not arise.

Mr. Gaya Prasad Singh: What is the correct statement then, Sir?

Mr. G. M. Young: There is no material in my Honourable friend's question, out of which a correct statement could be evolved.

COST OF THE OPIUM DEPARTMENT.

1255. ***Mr. S. C. Mitra** (on behalf of Mr. A. Das): What is the total cost of running the Opium Department in the whole of India and what is the return?

The Honourable Sir George Schuster: I lay on the table a statement giving for three years the figures that the Honourable Member requires.

Statement showing the revenue and expenditure of the Opium Department of the Government of India during the years 1929-30 to 1931-32

	Revenue.	Expenditure.			Net revenue.
		Purchase of opium.	Establishment and other charges.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.
1929-30 (Actuals)	3,04,10,000	37,01,000	11,80,000	48,81,000	2,55,29,000
1930-31 (Revised estimates.)	2,62,60,000	63,83,000	11,41,000	75,24,000	1,87,36,000
1931-32 (Budget estimates).	2,15,58,000	62,27,000	11,36,000	73,63,000	1,41,95,000

LEE PASSAGE CONCESSIONS GRANTED TO SUPERIOR AND NON-SUPERIOR SERVICES.

1256. ***Mr. S. C. Mitra** (on behalf of Mr. A. Das): (a) Has the attention of Government been drawn to the article "equality of sacrifice" published lately in the *Leader*?

(b) How many free passages to Europe have been awarded from April 1st to December 1930 and 18th January to 30th September, 1931, under the Lee passage concessions to superior and non-superior services of the Railway and other departments?

(c) What is the total cost incurred for the same?

(d) What was the necessity for awarding such concessions to non-superior services when there was already a huge deficit in the Railway Budget?

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

(b) and (c). Government do not propose to call for all the information asked for as it would entail an incommensurate amount of time and labour, but information as to the number of passages granted to employees of non-superior services of Railways for the periods referred to has been called for and will be supplied to the Honourable Member in due course.

(d) The privilege was granted as Government considered that the class of employees concerned were reasonably entitled to it. The new rules replaced certain other rules regulating the grant of free passages to subordinates which were in force at the time.

SEPARATE ELECTRIC SUPPLY FOR ARMY QUARTERS IN CERTAIN TOWNS.

1257. ***Mr. S. C. Mitra** (on behalf of Mr. A. Das): (a) How many stations in India are supplied with separate electricity-generating sets for the Army quarters when there is already an electric supply for the town?

(b) What is the cost at each station per unit of electricity supplied to the Army quarters and what are the rates charged?

(c) What is the prevailing rate of electric supply in those towns to the general public?

(d) Have Government considered the advisability of cutting down the expenses of separate sets and taking electric supply from the town company?

Mr. G. M. Young: I am endeavouring to obtain the information required and will communicate with the Honourable Member later.

RECRUITMENT OF STAFF IN THE OFFICE OF THE CONTRACTS DIRECTORATE, ARMY HEADQUARTERS.

1258. ***Sardar Sant Singh:** (a) Is it a fact that the Contracts Directorate, Army Headquarters have been exempted from the Public Service Commission? If so, since when?

(b) Will Government be pleased to lay on the table a statement showing the total number of staff of the Directorate and the number of Hindus, Muslims, Sikhs, Christians, Anglo-Indians and other communities as it is at present and also as it was in the year before exemption?

(c) Is it a fact that at the time when such exemption was obtained from the Public Service Commission there were two Sikhs on the staff of the Contracts Directorate? How many are there now?

Mr. G. M. Young: (a) Yes. April 1923.

(b) A statement showing the present position is laid on the table. Before 1928 the staff of the Contracts Directorate formed part of that of the office of the Master General of the Ordnance in India.

(c) The answer to the first part of the question is in the negative. There is now one Sikh on the staff.

Communal Composition of present establishment of the Contracts Directorate.

Hindus	53
Muslims	8
Europeans—Anglo-Indians	6
Sikh	1
Indian Christians	4
Other communities	
Total	72

**RECRUITMENT OF STAFF IN THE OFFICE OF THE CONTRACTS DIRECTORATE,
ARMY HEADQUARTERS.**

1259. ***Sardar Sant Singh:** (a) How many new recruits have been taken for temporary and for permanent vacancies since the exemption of the Contracts Directorate, Army Headquarters from the Public Service Commission and to what community does each of the recruits belong?

(b) Is it a fact that no Sikh has been taken? If so, why?

Mr. G. M. Young: (a) A statement is laid on the table.

(b) It will be seen that the recruits include one Sikh.

Statement showing the number of persons recruited to the Contracts Directorate since April, 1928 and the communities to which they belong.

	Hindus.	Muslims.	Europeans and Anglo- Indians.	Sikhs.	Other commu- nities.	Total.
Temporary	19	5	2	1	1	28
Permanent						Nil.

RECRUITMENT OF STAFF IN THE OFFICE OF THE CONTRACTS DIRECTORATE, ARMY HEADQUARTERS.

1260. *Sardar Sant Singh: (a) Is it a fact that candidates possessing qualification of B. Com. only can be taken to fill up vacancies in the Contracts Directorate, Army Headquarters?

(b) How many out of the present staff possess this qualification?

(c) Were all the vacancies since exemption from the Public Service Commission filled by B. Coms.? If not, why not?

(d) Is it a fact that an Anglo-Indian was taken on the staff with no qualifications in preference to Sikh graduates; if so, why? Was the Anglo Indian a B. Com.; if not, why was this preference given?

(e) Is it a fact that the Sikh representation in these particular services is very poor? If so, how do Government propose to make up the deficiency?

Mr. G. M. Young: (a) No.

(b) and (c). Do not arise.

(d) The answer to the first part of the question is in the negative. The other parts do not arise.

(e) It is presumed that the Honourable Member refers to Contracts Directorate. Government do not think that any action is required.

RECRUITMENT OF THE MINISTERIAL STAFF OF GOVERNMENT OF INDIA OFFICES.

1261. *Sardar Sant Singh: Will Government be pleased to state if all the candidates who passed the Public Service Commission examination this year for recruitment to the ministerial staff of the Government of India have been absorbed; if not, how many of them are on the list?

The Honourable Sir James Orerar: If by "passed" the Honourable Member means those who obtained sufficient marks in the competitive examination to secure them the places advertised for competition, my information is that all such candidates have been provided with permanent posts subject in some cases to the possibility of retrenchment.

CONVEYANCE ALLOWANCE PAID TO CLERKS AND OFFICERS IN DELHI.

1262. *Sardar Sant Singh: What is the rate of conveyance allowance granted to the staff of the Government of India while at Delhi? Why was such an allowance originally sanctioned? Do Government contemplate reducing this allowance in the case of low-paid clerks as well as in the case of high-paid officers; if so, what is the percentage of reduction of allowance in the case of both the classes of officers?

The Honourable Sir James Orerar: I would refer the Honourable Member to my reply to starred question No. 906 on the 24th September, 1931.

PAY AND ALLOWANCES OF THE INDIAN CIVIL SERVICE AND CONCESSIONS RECOMMENDED BY THE LEE COMMISSION.

1263. ***Sardar Sant Singh:** (a) What is the time-scale of pay of the Indian Civil Service?

(b) What allowances are admissible to officers of the Indian Civil Service both Indian and European?

(c) What concessions were sanctioned under the Lee Commission's recommendations?

(d) What were the grounds which led to the appointment of the Lee Commission and later on the acceptance of their recommendations? Do those grounds still exist or have they changed? If the latter, do Government contemplate reconsideration of the whole question of withdrawing the concessions based upon the recommendations of the Lee Commission?

The Honourable Sir James Orerar: (a), (b) and (c). I would refer the Honourable Member to my reply in this House on the 24th September, 1931, to parts (a) and (b) of Bhai Parma Nand's question No. 907.

(d) The grounds for the appointment of the Lee Commission and its genesis are clearly explained in paragraphs 7—11 of Chapter I of the Lee Commission's Report, to which I would refer the Honourable Member. The grounds on which the concessions recommended in the Report were sanctioned still exist and there is no intention of withdrawing or curtailing them.

ABOLITION OF THE OVERSEAS ALLOWANCE.

1264. ***Sardar Sant Singh:** (a) Will Government kindly state whether the candidates taken from the British universities for appointments in India do not know that they will have to serve in India? If they know it, what is the justification for the grant of overseas allowances? Will Government kindly state why Indians serving in India are granted overseas allowances?

(b) Do Government propose to take necessary steps to do away with this overseas allowance?

The Honourable Sir James Orerar: (a) The reply to the first part of the question is that candidates are aware of this. The system of Overseas pay for officers of non-Asiatic domicile was adopted on the recommendation of the Islington Commission's Report as a measure of compensation for the extra expenditure which officers serving outside their own country have to incur, and was granted to Indian officers of Asiatic domicile then in service equally with Europeans, because prior to its introduction they actually drew the same emoluments as their European colleagues. Indians recruited to All-India services from England after a certain date, which varies for different services, are not entitled to Overseas pay.

(b) No.

ALLOWANCES ATTACHED TO THE POSTS OF SECRETARIES AND UNDER SECRETARIES IN THE GOVERNMENT OF INDIA SECRETARIAT.

1265. ***Sardar Sant Singh:** (a) What special allowances are attached to the posts of Secretaries and Under Secretaries in the various departments of the Government of India Secretariat?

(b) Since when did these allowances come into existence?

(c) Do Government propose to abolish these allowances in view of the present financial stringency?

The Honourable Sir James Orerar: (a) and (c). I would refer the Honourable Member to my reply in this House on the 24th September, 1931, to parts (d), (e) and (f) of Bhai Parma Nand's question No. 907.

(b) The special pay drawn by Indian Civil Service Under Secretaries to the Government of India took effect from 1st December, 1919.

ISSUE OF BUILDING COMPLETION CERTIFICATES IN NEW DELHI.

1266. ***Sardar Sant Singh:** (a) Will Government be pleased to state the procedure governing the issue of building completion certificates in New Delhi?

(b) Who permits the water connections?

(c) Is it a fact that previously the Superintendent, Health Section, used to allow the water connections?

(d) Is it a fact that according to the present system the Superintendent, Health Section, submits his report to the Land and Development Officer after inspection?

(e) Is it a fact that the said Land and Development Officer keeps such cases pending for months together?

(f) Are Government aware that by this delay on the part of the Land and Development Officer much inconvenience is caused to the house-builders in New Delhi?

(g) Do Government propose to remedy the said inconvenience to the house-builders in New Delhi? If not, why not?

Sir Frank Noyce: (a) and (b). On receipt of a report from the Superintending Engineer, Health Services, that the sanitary and water installations are ready for test purposes, the Land and Development Officer instructs the Executive Engineer, Services Division, to provide a temporary sewer and filtered water connection. A completion certificate is issued by the Land and Development Officer when the lessee or his agent has completed the building in accordance with his lease and when the Superintending Engineer, Health Services, reports that the tests are satisfactory and installation approved.

(c) Yes, the Superintending Engineer, Health Services, still allows water connections.

(d) Yes.

(e) The reply is in the negative.

(f)—(g). Do not arise.

PROMOTIONS TO LOWER GRADE GAZETTED APPOINTMENTS ON THE NORTH WESTERN RAILWAY.

1267. ***Sardar Sant Singh:** Will Government please place on the table of the House a list of the persons—Hindus, Muslims, Sikhs, Europeans or Anglo-Indians with educational qualifications—whose names were considered for promotion to lower grade gazetted appointments, marking the persons selected, on the North Western Railway?

Mr. A. A. L. Parsons: Government regret that they are not prepared to do so.

**APPOINTMENT OF SIKHS TO THE OFFICE OF THE DIRECTOR-GENERAL,
INDIAN MEDICAL SERVICE.**

1268. *Sardar Sant Singh: Will Government please refer to the question No. 869, dated the 25th September, 1929, by Sardar Kartar Singh and question No. 717 by Sardar Harbans Singh Brar, dated 22nd September 1931 and the replies given thereto, and state:

- (a) whether it is a fact that there is now no Sikh employed in a permanent vacancy in the office of the Director-General, Indian Medical Service;
- (b) whether the office of the Director-General Indian Medical Service, asked for the services of two Sikhs from the Public Service Commission;
- (c) whether the Public Service Commission in the absence of the qualified Sikhs, authorised that office to recruit unqualified Sikhs from outside till passed candidates were available, if so, what action that office took on that letter;
- (d) whether that office received any representation from the Secretary, Khalsa Youngmen's Association, in March last, urging the representation of Sikhs in that office; if so, what action was taken by the office on that representation;
- (e) if it is a fact that unqualified Muslims are taken against permanent vacancies; if so, what the hitch is in doing the same thing in the case of Sikhs;
- (f) whether Government have taken any action on the representations of the Sikh Members on the floor of this House and the representation of the Khalsa Youngmen's Association; and if not, the reasons for such omissions; and
- (g) whether Government propose now, when the matter has already been brought to their notice more than once, to take any action to secure the representation of Sikhs in that office; if not, why not?

Sir Frank Noyce: (a) and (b). Yes.

(c) Yes. An unqualified Sikh was employed for a short period in the current year.

(d) Yes. The Public Service Commission was addressed, as stated in the reply to (b) above.

(e) Yes, as a temporary measure. When found possible and under similar circumstances this will be done in the case of Sikhs.

(f) and (g). The Honourable Member will realise that whilst my Department is always willing to give sympathetic consideration to representations from any quarter of the House, it has to follow the accepted policy of Government in this matter. That policy does not require that there should be one or more Sikhs in every office, and it is not possible at present when the office in question is undergoing retrenchment on an extensive scale, to take special steps to secure the representation of a Sikh.

**COMMUNAL INEQUALITIES IN THE STAFF OF THE FOREST RESEARCH
INSTITUTE, DEHRA DUN.**

1269. ***Sardar Sant Singh:** (a) What is the total strength of the gazetted officers of the Forest Research Institute, Dehra Dun?

(b) How many of these belong to the minor communities, i.e., Sikhs, Muhammadans, Anglo-Indians, etc.?

(c) How is it proposed to redress the communal inequalities in the staff of the Forest Research Institute?

(d) Do Government propose to keep in mind the interests of these communities when proposals for retrenchment are considered?

Sir Frank Noyce: (a) 39.

(b) Sikh 1, Muhammadans 4 and Anglo-Indian 1.

(c) The Honourable Member is presumably referring to the gazetted staff only. When a vacancy occurs, the question of the way in which it should be filled is considered on its merits with due regard to the character of the post and the qualifications required for it, in order to determine whether the post requires such highly specialised qualifications as to make it desirable that it should be removed from the purview of the policy of redressing communal inequalities.

(d) Yes.

CONDITIONS FOR HORSE-BREEDING IN THE SARGODHA CIRCLES.

1270. ***Sardar Sant Singh:** (a) Is it a fact that the special conditions for horse-breeders provided in Sargodha Remount Circles are that a tenant is bound to sell the progeny at any time before it has attained the age of 18 months to Government and if Government have not purchased such progeny up to that age the tenant is at liberty to dispose of it as he thinks fit?

(b) If the answer to the above question be in the affirmative, is it a fact that the local Army Remount Officers insist on purchasing the progeny over the age of 18 months against the will of the grantees?

(c) Is it a fact that the departmental rules provide that the "seal" permission to sell is fixed on the certificate of the progeny and that such seal is fixed even after the progeny has attained the age of 18 months? Are Government aware that this puts the grantee to an unnecessary inconvenience?

(d) Will Government kindly lay these rules on the table and state under what authority this rule has been made?

(e) Is it a fact that when the department does not purchase progeny below the age of 18 months from a grantee such fact is considered as a disqualification in the grantee for not supplying good progeny to the department?

Mr. G. M. Young: With your permission, Sir, I will answer questions 1270, 1271 and 1272 together.

I have called for the information and will communicate with the Honourable Member when it is received.

Sardar Sant Singh: Will the Honourable Member place the information on the table, so that the answer may be printed?

Mr. G. M. Young: I will place on the table the information required in answer to question No. 1271 when it is received, and that in answer to question 1270(c) when it is received, if there are in fact any such departmental rules as the Honourable Member refers to.

Dr. Ziauddin Ahmad: All the Members of the Assembly would like to know the answers to these questions. Will the Honourable Member therefore place the replies on the table and not send them to the Honourable Member privately?

Mr. G. M. Young: Yes, Sir. I realise that, and that is why I am prepared to place the information on the table.

CONDITIONS FOR HORSE-BREEDING IN THE SARGODHA CIRCLE.

+1271. ***Sardar Sant Singh:** Will Government kindly lay on the table the number of the grantees who are reported against for keeping a mare incapable of bearing foals fit to become remount for the Army for the last 12 years? How many of these reports resulted in convictions and punishment of the grantees?

ALLEGED VICTIMIZATION OF HORSE-BREEDERS BY ARMY REMOUNT OFFICERS IN THE SARGODHA CIRCLE.

+1272. ***Sardar Sant Singh:** (a) Are Government aware that since the questions that were put in the Assembly about the Army Remount Officers of Sargodha Remount Circle Department the latter have reported against the residents of Chak No. 117 S. B. for being warned; if so, why?

(b) Is it a fact that some of the persons complained against this action?

(c) Is it a fact that one Gurtek Singh of the same Chak has been reported against as being unfit for Surbrah Lambardari of that Chak on account of his activities against the department?

(d) Is it a fact that the mares produced by him for branding have been rejected on the same ground? If not, what are the reasons?

(e) Do Government propose to take immediate steps to stop this state of affairs?

APPOINTMENT OF GUARDS IN THE MULTAN DIVISION OF THE NORTH WESTERN RAILWAY.

1273. ***Sardar Sant Singh:** (a) What is the number of guards in the Multan Division, North Western Railway, and how many of them are Sikhs?

(b) How many of these guards were demoted to the relieving clerks in May last? How many of them were Hindus, how many Sikhs and how many Muhammadans?

(c) Is it a fact that the Divisional Superintendent, Multan Division, North Western Railway issued a telegram on the 6th March, 1931, cancelling the demotion of all guards that had taken place in February last and laying down the rules that none of the guards of this Division would be considered in connection with the guards of every Division?

(d) Is it a fact that if the instructions of the Divisional Superintendent, Multan Division were followed European guards would also be affected? Why are these instructions being ignored?

(e) Is it a fact that this rule has not been held in view? What demotion in May last was made?

Mr. A. A. L. Parsons: With your permission, Sir, I propose to reply to question Nos. 1273 and 1274 together.

I have called for the information from the Agent, North Western Railway and will communicate with the Honourable Member on its receipt.

Mr. President: A short notice question from Mr. Jog.†

(The Honourable Member was absent.)

The Honourable Member gives notice of a short notice question and is not present to put it.

RETRENCHMENT AND REDUCTION OF GUARDS IN THE MULTAN DIVISION OF THE NORTH WESTERN RAILWAY.

‡1274. ***Sardar Sant Singh:** (a) Is it a fact that the Agent, North Western Railway in a letter No. 633-E.G., dated 3rd March, 1931, laid down certain instructions in carrying out retrenchment? What are these instructions?

(b) Were those instructions carried out when retrenchment of the guards in the Multan Division was made; if not, do Government propose to take steps to remove the grievances of those who have been demoted to lower posts than they were eligible to under the said instructions?

(c) What is the next lower job to guards? Have these lower jobs been given to the demoted guards?

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

Mr. President: The House will resume further consideration of the amendments on the Finance Bill.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Sir, I find myself in a somewhat awkward position in connection with the present discussion. The present motion before the House puts clause 2 for discussion *en bloc*, and it affects more than one proposal of the Finance Member. While I support some of the proposals of the Finance Member, I hold differing views from his on others, and if I support or oppose the present motion, I trust I shall not be taken as supporting what I would oppose and as opposing what I am prepared to support. The duration of the Bill is sought to be restricted up till March next on several grounds. The first ground is that it is unconstitutional for the Finance Member to bring in a Finance Bill extending to eighteen months.

†(a) Is it a fact that the Orissa Boundary Committee will have its sitting during the Assembly sessions?

(b) Is it a fact that one of the Members of the Assembly and also a Member of the Council of State are working on that Committee?

(c) Are Government prepared to take steps to see that the Orissa Committee starts its work after the Assembly sessions?

(d) Do Government propose to facilitate the attendance of these two Members for giving their votes on the Supplementary Finance Bill when it comes for voting?

†For answer to this question, see answer to question No. 1273.

I have listened to the speeches of Honourable Members on the other side, but I have sought in vain for any reason on constitutional grounds being adduced in support of the view propounded and I have also looked up the Government of India Act, and I have not been able to find anything which would support the contention that the Honourable the Finance Member is restricted to bringing in a Finance Bill extending only for the duration of a year. The second ground for restricting the duration of the Bill is alleged to be that the proposals of the Finance Member are premature. The only way in which I can characterise this contention is that it is an absurd contention. It is admitted, I think, on the other side of the House most definitely that the economical crisis is upon us, and when the crisis is upon us, is the Finance Member of the Government of India to sit with folded hands and look on? I cannot possibly understand how, after having admitted that the crisis is upon us, it can be contended that the proposals of the Finance Member are premature.

Thirdly it is said that the proposals are improper. I propose to examine this ground at some length. When criticism is offered as regards the duration of the Bill, the fact is absolutely lost sight of that if the duration of the Bill is restricted up to March next, the amount of uncertainty which would invade all business transactions and all business men would be simply appalling. By your indulgence, Sir, Honourable Members have talked of retrenchment proposals. I do not propose to go into them, because I find in this Finance Bill not a word about retrenchment proposals: it could not possibly be so, and I shall therefore restrict myself to saying that I am whole-heartedly in agreement with what fell from my friend, Professor Sen, that if retrenchment proposals are to be given effect to, so far as possible the pay should be retrenched rather than the posts. Most of our low-paid clerks belong to the lower middle class, men of very respectable families, considering all things; and if they are thrown out of employment and unable to secure any other job, the consequence would be that they would starve. The caste system imposes certain restrictions as regards the vocations which they may pursue, and here in India a man out of employment has not the dole to fall back upon. He has no poor relief system to look to and if he is unemployed and remains unemployed, the only thing that he does is to starve. The low-paid Indian clerk, by the traditions of his civilisation, scorns to live on charity and scorns to beg, and rather than beg he will kill himself and kill his dependants. That I am not overdrawing the picture will be found from the reports of several suicides, several instances in which clerks out of employment have killed themselves and their dependants rather than see them starve and be able to do nothing for them. I would therefore appeal to the Finance Member that, in giving effect to the proposals for retrenchment, he will bear in mind this particular aspect of the question.

Sir, I come from a constituency which is the most important cotton producing tract in India, and among my friends and voters I count the biggest income-tax and super-tax payers of the country. Therefore the proposals of the Finance Member, especially the proposals regarding the cotton duty and regarding income-tax, have great interest and grave concern for me. I would therefore offer a few remarks concerning both these proposals if I can have the indulgence of this House to do so.

[Mr. N. N. Anklesaria.]

First, as regards the cotton duty. For a number of years, for more than twenty years, the cotton mills of India have been showing an increasing tendency to spin finer counts, and therefore it is necessary that they should have the raw material for spinning finer counts at their doors, and this "Satanic" Government for the last fifteen years and more has been trying to give to the Indian millowner a long staple cotton at his door. They are spending thousands of rupees on experimental work for increasing the length of the staple, and in my division they have been able to increase the length up to one inch. All cottons of 7/8th of an inch and above are longstaple cottons. With the help of the Government we in our division have been able now to produce about 350,000 bales of long staple cotton annually, and the efforts of Government have also enabled the Punjab to give us a much bigger figure of 450,000 bales. Now, during the space of the last 15 years from one million bales of long staple cotton we have been able to increase our annual production of long staple cotton to more than 2 millions of bales. Now, Sir, as you know, India has been a producer of short staple cotton. We have almost a monopoly of the production of short staple cotton. Of course, that short-staple cotton has not got a world market, because it cannot enable the millowners to spin the finer counts. Therefore, the market for short-staple cotton, except of course for mixing purposes, being restricted, we have been encouraging the production of the long staple cotton; but unfortunately for our cultivators, several countries like Egypt, America and Uganda have been importing long staple cotton into India and competing with our long staple cotton cultivator. Consequently, it is affecting very adversely the price which our cultivator is getting, and for the last two or three years, the cultivator has been appealing to Government to do some thing to enable him to get his proper price, and at last in his present proposal the Honourable the Finance Member has responded,—very meagrely no doubt. Unfortunately, however, as soon as he has responded, certain Indian gentlemen calling themselves patriots have come forward to deprive the Indian cultivator of the little mercy which the Finance Member has been able to extend to him.

Mr. H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Shame.

Mr. N. N. Anklesaria : I hear the word "Shame" from the representative of the Bombay Millowners, and I congratulate him on his independent way of thinking. Let me tell him that it is some of the millowners, at least two of them whom I know, who have been the authors of the anonymous pamphlet by which a sort of propaganda is being carried on to, I say, deprive the poor cotton cultivator of the little mercies which the Finance Member has extended to him. I say, Sir, that my friend the Deputy President,—I am sorry he is not here, I had told him that I was going to speak something against him,—I say my friend the Deputy President in his very brilliant speech, when he came to talk about the cotton duty, said that he would oppose it not in the interests of the millowners, but in the interest of the poor agriculturist. I think, Sir, it is La Rochefoncauld who said, "Self interest teaches us many languages, among others the language of disinterestedness". Well, I see my friend Mr. Chetty is here now. (Laughter.) When he talks of disinterestedness,—I am sure every one of us believes him, but interest refers not to

one's own interest only, it refers also to the interest of our friends, and when my friend was making his observations I found those observations having strange resemblance to this anonymous pamphlet which the previous morning I found the Secretary of the Nationalist Party distributing to Members of this House. Sir, if you will read this pamphlet you will be struck with the vividness of the imagination of its author as regards the facts and his infinite belief in the gullibility of the Members of this House as regards the arguments. I say it is a pamphlet which discloses a mentality which all Honourable Members should try and disapprove of. The pamphlet gives four grounds in support of its contention that this cotton duty should not be imposed. It says that the foreign cotton, especially the East African cotton, does not compete with the Indian long staple cotton; secondly it says that it will kill the poor Uganda cultivator, thirdly that it will

Mr. President: Order, order. I do not wish to interrupt the Honourable Member, but I should like to point out that he will have another opportunity of dealing with the question of cotton duty at as great a length as he likes when the amendment comes up for discussion. On the present occasion I do not think he should continue his arguments on this aspect of the question so elaborately.

Mr. N. N. Anklesaria: Very well, Sir, I will finish in a few minutes. I would only say here that the first ground is inconsistent with the second. If the Indian cultivator does not compete with the Uganda cultivator, the Uganda cultivator will be absolutely unaffected. As regards its effect on the interests of the millowners, the millowners have been represented here by a very able representative and from his mouth I heard not a word in support of the contention of the other side

Mr. H. P. Mody: You will hear it this afternoon.

Mr. N. N. Anklesaria: I think, Sir, when he has got this Government to impose a 30 per cent. duty on cotton goods only last year and thereby cut the *lungi* of the poor cotton cultivator by 30 per cent. he should be fair to the cultivator when the Government impose a duty of half an anna per pound on cotton goods. Then, Sir, it is said that it will benefit Lancashire. I ask, if it benefits Lancashire, what harm there is. Is not Lancashire a part of the British Empire of which India also is a part? And I say if in benefiting the Indian cultivators who, of course, form the bulk of the Indian population, you also benefit Lancashire, that is a consummation devoutly to be wished for and not to be criticised in a spirit of cavil.

Now, I come to the income-tax proposals of the Honourable the Finance Member. The Honourable Member said that the reason for imposing this taxation is that we have got an unbalanced Budget. There has been a plethora of literature on the subject of unbalanced Budgets since the economic crisis started, and competent authorities are agreed that an unbalanced Budget is not the cause but a mere symptom of the disease afflicting the body politic. Sir, a doctor who treats merely the symptom of a disease and not its cause will be called by people a quack and not a doctor at all. I do not say that the Honourable the Finance Member is a financial quack, far from it. He has realised the situation and he has formulated retrenchment proposals which are far-reaching and which will

[Mr. N. N. Anklesaria.]

greatly tend to put the finances of India on a sounder basis. But I am afraid, it is my humble view, that these taxation proposals will work the other way.

Mr. G. Morgan (Bengal: European): On a point of order, Sir. Is my Honourable friend relevant in his argument at the present time, which comes under clauses 7 and 8. It is only clause 2 which is under discussion? Clause 2 refers to the rates for last year being extended for a further year, and not to the new rates which have been proposed by the Honourable the Finance Member.

Mr. N. N. Anklesaria: My point is this. The question before the House is whether the income-tax proposals should be restricted up till March next or should be extended up to the period suggested by the Honourable the Finance Member.

Mr. President: How is this elaborate explanation in regard to details relevant to the one issue before the House? I have allowed the discussion to proceed on the lines that it has done so far, on the ground that it can be reasonably contended that the actual financial needs of the Government of India may be substantially curtailed by further retrenchment so that it may not be necessary to extend the taxation proposals beyond the 31st March, 1932. That is the reason why I have allowed the discussion to proceed in the manner it has. I have already appealed to the Honourable Member not to go elaborately into the question of cotton duties, and I again appeal to him not to go in great detail into the question of income-tax but as far as possible to restrict himself to the issue in clause 2, namely, whether the taxation should be extended beyond the 31st March, 1932, and anything which arises out of that issue alone will be relevant to the present discussion.

Mr. N. N. Anklesaria: I take the hint, Sir.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): It is not a hint; it is a ruling of the Chair which must be obeyed.

Mr. N. N. Anklesaria: What is there to frighten one in a deficit Budget? We had a series of deficit Budgets from 1919 to 1924, and we have been able to survive them. India is not the only country which has got a deficit Budget, as the Honourable the Finance Member himself stated the other day. I say therefore that the proposals as regards income-tax in order to balance the deficit Budget had better be postponed till the real necessity for them arises. I am unable to develop my argument in the way I should like to, because I promised to you, Sir, to finish my remarks in fifteen minutes.

Mr. President: The Honourable Member has spoken for 25 minutes already.

Mr. N. N. Anklesaria: I will close by associating myself with the graceful tributes which my Honourable friends Sir Hari Singh Gour and Mr. Mody paid to the Honourable the Finance Member. At Simla when the Ordinance was promulgated and immediately cancelled, a Member of the Council of State told me, "Schuster will do more good to India than Gandhi if he is allowed to it". (*Some Honourable Members*: "Question.")

You may question, but I am merely stating a fact. Sir, I shall not say anything further except to thank you for the indulgence you have extended to me.

Rai Sahib Harbilas Sarda (Ajmer-Merwara: General): Sir, the whole of yesterday we heard the cry that the Budget must be balanced. The Honourable the Finance Member said the Budget must be balanced, and the cry has been echoed by the occupants of those Benches (pointing to European Group) that the Budget must be balanced. Nobody disputes that. All say that the Budget must be balanced.

But what is meant by balancing a budget? What is a budget? A budget, roughly speaking, is a statement of income and expenditure in relation towards each other, and a balanced budget means that the expenditure does not exceed the income. If the income exceeds the expenditure, there is a surplus and the Honourable the Finance Member looks very happy. If expenditure exceeds income, then there is a deficit and the only way to make up that deficit is to beg, borrow, or steal. If the Honourable the Finance Member goes round with a beggar's bowl nobody will give him alms, because nobody now-a-days encourages spend-thrifts. The alternatives left to him are borrow or steal. We would not borrow, because he does not want to repay, and then his credit is not very high just now. Therefore the only course left to him is to steal, and perchance he believes that stealing in the case of a public man for a public cause is no crime. Have not many of the prominent British politicians said that the standard by which to judge the conduct of a nation or its rulers is not the same as the standard by which you judge the private conduct of individuals? The private conduct of an individual is measured and judged by certain accepted principles of morality, by certain ethical standards; but when you judge the conduct of a nation or its rulers, well, that is another matter. The system of politics and the system of morality obtaining in England are based on certain principles which were not evolved or created independently by that country as they were in India and Greece. England took its ethics and aesthetics from Greece, and its politics from Rome. It has certainly improved a great deal on those systems and it has developed them fully so as to serve its own interests. Many of us perhaps remember that the great Greek philosopher Plato, in his "Republic", says that no man is authorised to tell a lie, but a statesman in charge of the affairs of his nation is competent to do so, just as no man is authorised to administer poison to another man, but a doctor may in certain circumstances do so. Some of the Western nations have built up political systems in which the breaking of a law of morality is no crime. And just as there are two standards to judge the conduct of a private man and the public conduct of a man in relation to State affairs, so evidently the Finance Member has two consciences, one conscience as a private gentleman and another conscience for the conduct, as Finance Minister, of the great State of India. Just as he has got two consciences, he has also got two budgets. He has got his private budget and he has got the Indian Budget. He knows what his own income is. He knows that Rs. 80,000 a year is his salary and he knows that the income from his private investments is so much; and he takes precious good care to see that his expenditure does not exceed the combined income from his salary and his private resources. That is the principle on which he frames and administers his private budget, but when he comes to framing

[Rai Sahib Harbilas Sarda.]

the Budget of the Government of India, these principles go to the wall. If he finds that his private income is not sufficient to meet the expenditure which he wishes to incur in a particular year, if he finds that he wants to spend two lakhs or five lakhs, while his income is only a lakh and a half, he would not in all conscience go to his neighbour, Sir B. L. Mitter, and rifle his safe. Nor would he think of taking away the annas and pies of his poorer neighbour on the other side of his residence. He would think of nothing else but cutting down his expenditure. He knows that if he exceeds his income, he will have to bear the brunt. Here the case is different when dealing with the Indian Budget. If the expenditure exceeds the income, the Indian people are there to draw his extra money from. The whole of India is at his command. But I am quite sure, Sir, that if he were a free agent, a man of perfect honour that he is, he would never think of stealing other people's money but he would see that the expenditure remains within bounds. But he is not a free agent, which we wish he were. He belongs to a subordinate branch of an Imperial administration. The Honourable the Finance Member, in fact the Honourable Members sitting on the Treasury Benches are all honourable men, as we find Mark Antony saying in Shakespeare's Julius Caesar and we know that if they were free agents they would treat India differently from what they are doing now.

One point which the Honourable the Finance Member stressed when he introduced this Bill was that we must face facts and not be led away by sentimental reasons. What facts does he want us to face? Has he ever given thought to the fundamental fact which stares with a fixed, brazen, mocking look in his face, a fact which presents to the world the sorry spectacle of India, which was once the richest and most prosperous country on earth, having been reduced to abject poverty, where 40 millions of its inhabitants do not know how to get two meals a day. This fact and other facts of like nature will continue in their menacing aspect to make it more and more difficult for the Honourable the Finance Member to balance his Budget unless and until he facts them squarely and fairly and cuts down the civil and military expenditure of the country by 50 per cent., and limits his annual demands to 50 crores a year. Till then the spectre of facts will mockingly ask him, "Are you prepared to do so" and will continue to ask him the question until the answer is in the affirmative.

Another fact which the Honourable the Finance Member stressed is that there should be equality of sacrifice for all. Equality of sacrifice indeed! We on this side welcome this doctrine of equality of sacrifice by all concerned. But is there any sacrifice at all on the part of some of those concerned? Will the Honourable Member call it sacrifice, if instead of drawing Rs. 80,000 a year, he after deducting the surcharge on income-tax, has to sacrifice 4,000 a year and draws only 76,000? Is that any sacrifice? Does it mean anything more than this that he in that particular year will be able to save a little less than he ordinarily saves? But what of those who get Rs. 85 a month and have to maintain their parents, wife, children and brothers? They are barely able to make the two ends meet. If five or ten rupees are taken out of their pay, they will either have to go without a warm coat in winter or without a meal during the next month, or will perhaps have to deprive their children of their couple of pice on the Diwali and Dahsera festivals. Will the Honourable the Finance Member

have to go without a meal sometimes or without a great coat which he may want to have this year, if instead of Rs. 80,000 he gets Rs. 76,000 a year? Where is the equality of sacrifice? The equality of sacrifice demands that, if one man is deprived of an essential necessity of life, other men also are put in the same position to undergo the same sacrifice. Then only can one call it an equality of sacrifice. I appeal to the Honourable the Finance Member that in framing his Budgets and in considering the cuts that are proposed, he would remember these facts.

Sir Muhammad Yakub: Sir, the debate on this clause of the Finance Bill has drifted into a sort of general discussion, (Hear, hear) and I congratulate you very much on the patience which you have exercised in allowing the debate to continue in the way it has done. Sir, the chief points which are at issue in this clause are, whether the Finance Bill, which has been introduced by the Honourable the Finance Member in the present session, should be limited to March next, or whether it should be extended till March 1933: and I think it would have been better if Honourable Members had restricted themselves to this and this point alone (Hear, hear). Sir, a legal objection has also been raised about this clause which I think has not yet been elaborately dealt with, nor has it been answered on behalf of the Treasury Benches. So far as the general aspect of the question is concerned, I think, considering the general depression of trade in the country and the uncertainty in which the tradesman as well as the general populace in the country are labouring under, it is, from the common sense point of view, better that they should not be kept in a state of uncertainty, and that the people of the country should have as much certainty and stability as possible. Now, taking this fact into consideration, I think it would be in the interests of the tradesman as well as of the consumer that they should know what taxes they are going to shoulder during the next 18 months and what prices the consumer would be liable to pay during that period.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): May I ask the Honourable Member to ask the Honourable the Finance Member whether he is prepared to give an assurance to this House that within these 18 months he will not come up for additional taxation? That is the point.

Sir Muhammad Yakub: I think the Honourable the Leader of the Opposition has not yet spoken and I think he will be able to put his question in a better way, when he gets his chance of speaking himself, than myself (Laughter). My only contention is that it would be better for the tradesman as well as the consumer that they should have some certainty at least and should know what taxes they will have to pay and what prices they are likely to have to pay during the next 18 months, and I think this will be in the interest of the country as a whole.

Mr. Gaya Prasad Singh: Why not for two years?

Sir Muhammad Yakub: What I am chiefly concerned with at present is the legal aspect of the question. Although, Sir, I think there is nothing definite in the law forbidding the Finance Member from producing a Finance Bill for more than one financial year, yet, so far as I can judge, the general trend of law seems to me to be this that the Finance Bill should be presented each year along with the Budget of the current year.

Mr. S. C. Mitra: Annually.

Sir Muhammad Yakub: We do not find anything very clear, but so far as I have been able to find, in the Manual of Business, section 150, chapter 13, page 52, is this:

"(1) A statement of the estimated annual expenditure and revenue of the Governor General in Council shall be presented each year to the Assembly on such day or days as the Governor General may appoint."

So the words "annual expenditure", and again the words "shall be presented each year to the Assembly", go to show that the Finance Bill should be presented annually with the Budget before the House.

Again, Sir, in May's "Parliamentary Practice", page 539, we find the words:

"The consideration of the financial statement for the year made by the Chancellor of the Exchequer".

Mark, the words "for the year" are used there. (*Sir Hari Singh Gour*: "Hear, hear"). Then, again, the following words occur:

"as the consideration of the taxes for the service of the year is the province of the Committee".

Then, again, they say,

"The Resolutions which form the usual basis of the Chancellor of the Exchequer's statement are the resolutions for the continuance, during the financial year, of the customs duty upon tea and of the income-tax duty as these duties are the only duties not at present made permanent by statute."

Then, further on, they say:

"In the procedure adopted by the Committee for the imposition of taxation, the following distinction is generally, if not uniformly, drawn: taxes applicable to immediate exigencies of the public income which are recommended from year to year, and temporary and other taxes imposed to obtain the minimum source of revenue are considered by the Committee of Ways & Means."

So in all places where we find a reference made to the Budget and to the Finance Bill we find the words "annually" and "for one year only". From this I infer that the general trend of law on this point shows that the Finance Bill ought to be presented every year along with the Budget of the country; and therefore, although, in my humble opinion, the Finance Member is not prohibited from framing his Finance Bill in the form in which he has done just now, for 18 months this passing of the Finance Bill by the Assembly will not relieve the Honourable the Finance Member of his duty to present a Finance Bill again in March next along with the Budget of the year, and also it will not deprive the Assembly of the right of expressing its opinion on the taxes which they will have to pay under the Bill (Laughter).

Sardar Sant Singh: Can we not reject that Finance Bill?

Mr. President: Order, order.

Sir Muhammad Yakub: I am not expressing my view with such great authority as my Honourable friend, the Manu of the present day, Dr. Sir Hari Singh Gour, can express his view before the House, but on going cursorily through the law on this point, I have ventured to express my view on this point. Sir, with these remarks, I conclude.

Mr. B. R. Puri (West Punjab: Non-Muhammadan): Sir, I am practically the last man in, and I am very grateful to the Chair for having allowed me an opportunity to address the House. Sir, the great Shah Jehan, who has left a very rich legacy of architecture for posterity to admire, was described by a historian as a man who was "envied by some, flattered by others, but loved by none"; and when I look in front of me at the Honourable the Finance Member, I think to myself how well, the cap fits him. That he is envied by some there is no doubt on account of the vast powers which he wields. There is one man in the country, Sir, of whom we should be afraid; it is not the Home Member but the Finance Member. Sir, with all his armoury of penal statutes and Press Acts, the Home Member is not half so mighty as the person who has got the purse and the conscience of the Government in his pocket, and that is the Finance Member. Flattery

after all is only another form of envy. As to his being loved, 12 Noon. let me be plain spoken; so far as we are concerned, there is not much love lost between him and us. So far as his own colleagues are concerned, I think they also must be cursing him in their real mind because he is out to curtail their salaries as well, so that, mighty as he might be, he is the most despised person at the present moment in the country. I hope he will take it in the right spirit. That, however, is only one way of looking at it. But if we look at it from another point of view he is perhaps the one man in the country who is entitled to all the sympathy we could show him. His position is really very onerous, and no other holder of a portfolio under the Government has got such onerous duties to perform as the Finance Member. On the one hand he comes to us, and he comes year in and year out, and sometimes in between the two sessions, always with demands which we cannot meet. His demands are always fabulous, exaggerated and not to our liking, and we turn them down naturally. He goes back to the Government and says, "These people are unable to pay; would you please therefore readjust things in such a manner so that I may be able to put forth my demand reasonably before the country?" The Government say, "Squeeze them; after all, we are not the sons of the soil; we are merely birds of passage; as long as we are here, why not make the most of it? Make hay while the sun shines. We have got the power. Why not use it?" So that, the poor Finance Member has to run from pillar to post like the shuttlecock which is hit on one side and again on the other. That is his true position. No doubt, as a kind hearted and honest Englishman, he has his sympathies with the people who inhabit this unfortunate country. But his position is that of great helplessness. He appreciates our position, he knows our *bond fides*, and understands the honesty of our purpose. But his advice is probably not listened to by those who are in power. Therefore, his position is really one of great difficulty and one of great delicacy. Of course this is all in confidence. The Honourable the Finance Member may not own it. Indeed he may get up and disown this position. But the real truth no doubt will come out when the history of the present times comes to be written, the history of the downfall of the British Empire in India, with copious quotations from a book, "Reminiscences of a Finance

[Mr. B. R. Puri.]

Member", by Sir George Schuster. We will wait till the real facts are disclosed. At the present moment they are determined to carry out a certain policy however unsound and unpalatable to this section of the House.

Sir, there is one good feature about a Finance Bill which appeals to me in particular, and that is, when a Finance Bill is presented before the House, it gives us an opportunity of feeling like multimillionaires. We talk in crores and we can give away crores if we are in a mood to do that. But, Sir, what a delusion and a mockery! The session begins with trumpets, Members are summoned from various parts of the country; papers are circulated; debates take place; long speeches are delivered, the Government are criticised, exposed, and even defeated. But what is the value of all this excitement? What does it really come to? All this so-called victory, assuming that we did achieve it, is converted with one stroke into a defeat by the obvious weapon which the Government have at their command. By one act of *certification* all these lengthy speeches, all these so called pleadings, the various arguments, legal and otherwise, are thrown to the winds, and the net result of all this excitement finally is smoke and thinking else. If this the reality of the situation, then why waste good money in such thoughtless pursuits? Is it not a farce, and a very expensive one, if the Bill is to be ultimately passed anyhow by the powers, extraordinary and exceptional, which the Government possess? Is it not in those circumstances an utter waste of time and money?"

Coming now to the demand of the Honourable the Finance Member, I have noticed that the particular feature of it which has appealed to my Honourable friend, Mr. Arthur Moore, is its extreme simplicity. He has told us, "After all what is extraordinary or unusual about this demand? It is quite simple. He only wants about 40 crores, and that too by a surcharge on salt or customs and so on. Could there be any simpler demand than this?" My answer to it is equally simple. I would like to ask him through some kind friend who would convey this to Mr. Arthur Moore—for he is not in his seat—that if he had the ill-luck of meeting somebody in the dark on some out of the way road who put a revolver against his head and said: "Mr. Arthur Moore, hands up, I want all you possess", could there be a simpler demand than this? (Laughter.) This sort of simplicity having a special attraction for Mr. Arthur Moore I wonder how would he like it? But if, on the other hand, that unwelcome visitor were to formulate his demand in a somewhat different manner and were to say, "Mr. Arthur Moore, I am hard up; I want money very badly; I want you to retain half for yourself; out of the remaining half I will allow you to retain $\frac{3}{5}$ th for unexpected contingencies; but the balance, $\frac{2}{5}$ th, you should at once make over to me," the demand being somewhat complicated will have no attraction for Mr. Arthur Moore, and he would reject it and would prefer the simpler demand (Laughter). Sir, the present position is aptly illustrated by the particular example which I have placed before the House—the Honourable the Finance Member's position is that of a *professional robber* who meets me and puts the revolver, the dagger of certification against my head and says, "Hands up, I want all you possess". Now, on the score of simplicity we should thank the Honourable the Finance Member, because he could not have formulated a simpler demand than that. But if on the other hand, his demand was more reasonable, if he were to say, "I will not rob you of everything

you possess; after all you have got to feed your children, you have got to live; and therefore I will leave a moiety for yourself and I shall be quite content with the half", up would get Mr. Arthur Moore as his champion and say, "This demand is unthinkable; we would prefer the other which is certainly on the score of simplicity a better demand than this".

Now, the only course that is open to us under the circumstances is that, not having any solid voice, not having any real remedy in our hands, all that we are capable of doing is to sound a note of warning to the Government that the rate at which all these financial demands are being wrung out of the people would ultimately end in disaster, and that this road would lead to a place which is spelt with four letters beginning with "h".

Let us see what the Finance Member wants. As a matter of fact we know what he wants. The real question is why he wants this. The Honourable the Finance Member's position before the House is this. "That I have got a very expensive household to run, and you have got to find me money." That is his simple proposition. Our position if anything is simpler and that is we have not got money. You are running this household on extravagant lines. Therefore please first set your house in order then come to us with a legitimate demand and we shall meet you more than half way. That is our answer to the question. Now, if we had any real power in our hands, the Finance Member could not insist on his position, could not enforce his own position upon us. As things stand at present, they have got the power on their side. They could force any measure upon us; they could make us pay through our nose, and under the circumstances it is a case of might is right, and therefore logic and reasons practically find no place here. Then comes to the rescue of the Finance Member, the Honourable the Leader of the House and in a fatherly spirit he says, "Look here, children, your credit is at stake; unless you vote this demand you would lose all the trade and you will lose all your good name". Sir, our answer to that is that the choice lies between death and solvency. Where is the good of giving out to the world that our resources are enough to meet our expenses when they in fact are not? Why not adopt a more honest course and proclaim to the world that we have been running our household on a scale which we find we cannot keep up. That would be a far more honest way of doing things rather than bluff the outside world and obtain trade by false pretences. That is not a course which is either morally or politically expedient. But here comes on the scene my old friend and esteemed colleague, Mr. Brooke Elliott. He always comes to the rescue of the Government with his legal formulæ, in fact for all practical purposes in the absence of the Law Member, he acts as an emergency Law Member to the Government of India. Now, he has got the habit of translating everything into a legal formula and I would like to answer him in the same coin. My Honourable friend, while dealing with this subject, said that we are practically stopped from considering the Bill on its merits, because in reality the plea that we are urging before the House amounts to asking for the mitigation of the sentence; therefore we cannot challenge the conviction. The conviction is there. We are merely asking the indulgence of the Court to reduce the sentence from the given term to a shorter term. Well, Sir, in reply I would like to remind my friend that as a lawyer he ought to know that, in a petition for enhancement of sentence, the merits of the case are automatically reopened. Here is a case where an ordinary, normal, usual sentence of twelve months is being sought to be enhanced to eighteen months. Therefore, in legal parlance, and translated

[Mr. B. R. Puri.]

into a legal formula, it would amount to this, that there is a petition for enhancement before the House of a sentence and although the conviction may not have been otherwise challengeable the enhancement petition automatically reopens the merits of the case and the conviction can be attacked on merits.

Mr. C. Brooke Elliott (Madras : European): May I say, Sir, that when I said that, I was not speaking strictly in terms of the Criminal Procedure Code?

Mr. B. R. Puri: You were not talking in terms of the Civil Procedure Code either.

Mr. C. Brooke Elliott: Nor in terms of the Civil Procedure Code.

Mr. B. R. Puri: The next champion of the Government is my Honourable friend Mr. Arthur Moore. He says, "Here is a golden opportunity for us to prove to the outside world that we are a nation." He says we ought to realise what a wonderful opportunity we have been given and that we should not allow this golden opportunity to slip by. "Let us vote in favour of the Finance Bill and we will then be recognised by the rest of the world as a responsible nation." If we were a nation, probably Mr. Moore might be making an inquiry outside the lobby as to who was making a speech inside: he would not be sitting here. We would be minding our own business without his assistance then, Sir, when there is any demand put forward on behalf of the country, we are always met with the argument, "You people are disintegrated, ununited: Hindus cannot agree with Muhammadans, and Sikhs cannot agree with either: the Parsis, represented by my friend, Mr. Anklesaria, sing a still different tune from the rest." We are met with this reply by Mr. Arthur Moore, and others of his views, who say "You people deserve nothing." And perhaps rightly too, I do not deny it. But is it fair that we should be told that we are something which to his knowledge he knows we are not? He is attributing to us a position which he ought to know is not true. But for the purposes of the occasion he is trying to seduce us into a certain belief so that by those methods we may concede what we have no right to concede as a nation. Unless there was a united people, united from the political point of view, it would be a misnomer to describe the people of this country as constituting a nation. Therefore all that talk and all that camouflage is beside the point.

Sir, I would refer briefly to the item with regard to the Army. I am not going into the figures or any details: I will just make a passing reference to it. Now, Sir, it is well that we understood what is really the purpose and function of the Army in this country; obviously to protect the country from foreign invasion. Now it appears that with certain Honourable Members who have spoken on behalf of the Government, it has been put forward more or less as an argument that so far as the Army is concerned, it should be left untouched because the consequences of curtailing the Army might be disastrous to the country. Let us seriously examine this proposition. If the object of the Army is to protect the country from foreign invasion, then I take it that the position which is being placed before us is somewhat as follows: that we are about to take a most dangerous step in this direction, namely, to impair the efficacy or utility of the Army or to cut down the number and strength of the Army; and because we are

doing that we would be courting trouble in the sense that half a dozen powers in the world are ready to set sail towards India the moment we threw out this Bill: and that the moment this Bill is thrown out, there will be a regular race among the different powers and whoever will reach this country by sea, land or air will be the conqueror of India. But if, on the other hand, we take the sound advice of the Honourable the Finance Member, then these powers will disband their armies, dismiss their Generals and ask their soldiers to go back to their homes, otherwise they will set sail at once for India. The champions of this theory fail to appreciate that while we are being forced to cut down our Army, which is far beyond our legitimate requirements on account of financial stringency: the other Powers are in no happier position. This financial depression is not peculiar to India, it is a world-wide trouble, every nation is afflicted by it. Sir, this false bogey is being put up before us lest we may touch the Army—the bogey of foreign invasion. We have heard jokes, but this joke will take a lot of beating, that if we were to curtail and reduce the strength of our Army, we would be incurring a serious risk of having an invasion made upon this country by foreign powers. I say we are crippled at the present moment by financial stringency but so is every other Power. Therefore no Power is at the present moment likely even to conceive or entertain an idea of invasion upon this country, simply because we have thrown out a Bill or we have made a big reduction in the item of expenditure for the Army.

The other possible function and purpose of the Army is to prevent an internal revolution taking place. So far as that is concerned, so long as the present amicable relations between Hindus and Muhammadans continue, the Government need entertain no fear on that score. Let them quietly sit there as spectators and enjoy the fun, while one is set against the other and is cutting the throat of the other. So for this purpose too we do not really need any Army. For riots between the Hindus and Muhammadans *inter se* your Police supplemented by a handful of soldiery will be more than enough. That is the real situation regarding the Army.

Then why are these false and arbitrary reasons being pressed? Simply because the Government of India cannot afford to place before us the real reasons. They are not prepared to place before the country the true state of affairs which has brought us down to the present crisis. They know that these are arguments manufactured for the occasion in order to prop up their case. I submit the only panacea for these recurring ills lies in a more humane and honest policy for the Government of India to pursue, and that is that they should overhaul their house thoroughly and curtail every conceivable item of unnecessary expense; and once they do that, they will find us more than willing to grant them all reasonable demands which come from the Government side.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, we from this side of the House repeatedly assured the Honourable the Finance Member that we share the responsibility of Government in maintaining the credit of the country. We have given practical proof of this assurance by not opposing the consideration of the Bill. We gave further proof of this assurance by withdrawing the motion for circulation and the reference of the Bill to a Select Committee. But when we sympathise with the Finance Member, we naturally expect that he will also sympathise with us by not taxing the country beyond its limits. I never heard any argument in favour of a Finance Bill for 18 months.

[Dr. Ziauddin Ahmad.]]

The only argument that was brought forward by one or two speakers was that we want some kind of stability in taxation so that the merchants may know what their liabilities are, but my friend Sir Muhammad Yakub himself gave the reply to this criticism when he said that, according to law, there must be a Finance Bill at the end of every year, nay he went one step further and said that even the present Bill does not absolve the Finance Member from presenting another Bill in the month of March. So this very fact clearly shows that there cannot be any stability in taxation according to the Government of India Act

Sir Hari Singh Gour: If this Bill is passed, there cannot be another Finance Bill in March, except for additional taxation.

Dr. Ziauddin Ahmad: I was really quoting the argument of my friend, Sir Muhammad Yakub, but the very fact that Finance Bills are presented year after year clearly shows that there cannot be any stability in taxation. That is really my point. I should like to hear from the Honourable the Finance Member as to what are his arguments in favour of this 18 months Finance Bill, and I would like him to give us very clear replies to the questions which I am mentioning now one by one, and I would request him to kindly make a note of the points I raise.

My first point is that the retrenchment proposals have not been given effect to. We do not know very clearly how much money can be saved by means of retrenchment. Some of the Retrenchment Committees have not yet reported and their proposals have not been considered. I do not want to detain the House for very long, but I will briefly mention something about one Retrenchment Committee, on which I had the honour to serve, I mean the Railway Retrenchment Committee. This Committee only considered a very trifling portion of the expenditure connected with the Railway Board, and there they showed a saving of about 75 lakhs, but we never considered the whole question of the running lines, where they incur enormous expenditure. The expenditure on the running lines comes to about 53 crores, and over and above that we have got 11½ crores, and our Retrenchment Committee could only scrutinise expenditure to the extent of about 2 crores. It is very desirable, therefore, that the Government should appoint a fresh committee, either themselves or through the General Retrenchment Committee, to examine and see how far we can effect a saving in the remaining portion of the expenditure of about 62 crores. As I said, the other Sub-Committee has not yet reported, and so we do not know what our financial responsibilities will be on the 31st March 1932. Unless therefore we clearly know what the expenditure will exactly be till the next financial year, how can we vote taxation in advance? That is my first point.

My second point is this. We gave the Finance Member new taxation amounting to something like 15 crores last year. Now the report which has just been published of the sea-borne trade gives a list of certain commodities which are on the law of diminishing returns. Therefore it is very desirable that we should wait till the end of the year to see how many commodities are on the law of diminishing returns and how many commodities are such on which new taxation is possible. Therefore, the increase of taxation, as my friend clearly knows, does not necessarily mean an increase of income. It is only in certain commodities that increase of

taxation means an increase of income; while in other commodities increase of taxation means a diminution of the total income; and therefore I think we ought to wait till the end of the year and find out what are the commodities which obey the law of diminishing returns and what are the commodities which obey the other law, and then only should we fix up only such commodities which can bear fresh taxation. And just about the middle of the year to impose fresh taxation without any discrimination is, I think, not very desirable. Therefore, I ask this question: is it or is it not desirable to wait till the end of the year to see which are the articles on which fresh taxation can be levied? This is my second point

My third point is this. The condition of export is slowly improving, as was hinted by several speakers. The condition of the jute trade is also improving, and if the condition of these trades improve, then by waiting we shall be able to know what is the welfare of the people and give more money if need be according to the flourishing condition of these particular trades.

My fourth point is this. We do not know exactly, and nobody can foretell—I want to know whether the Finance Member can himself foretell—what will be the general financial situation of the world next March. We were sitting here in March, 1931, and nobody could foresee what would be the condition in September, 1931; nobody could even dream that a new Finance Bill would be necessary in the month of September. So the conditions are so rapidly changing in the world that it is not desirable to frame a Budget for 18 months, but we should have a Finance Bill only for 6 months and watch conditions in the world. It is quite possible that we may require still greater taxation if the conditions become worse; at the same time it is equally possible that it may not be necessary to have this burden of taxation next year. So I think it is not desirable to foresee the conditions of the world 18 months ahead.

The next point is that the Finance Member has not given us any opportunity to discuss with him the question of fresh sources of income. I wanted to develop these points in my first speech, but of course that was not really the proper occasion to do so, and if we had the time, we could certainly suggest to him new sources of income by means of which he could increase the revenue without taxing the people, and I will mention two or three things in the course of the debate when this question arises.

The next point I should like the Finance Member to note is that the volume of taxation has certain reference to the price index. I am not in a position to give a formula on this point because nobody has really carefully considered it, but this my Honourable friend will admit, that if the index price goes down, then the country cannot pay the increased taxation. Certainly, the index price can never be in the inverse ratio of the increased taxation; it must have some kind of ratio, but it should be a direct one, and it will not be possible for us to do it. I tried to formulate a formula connecting the bulk of taxation with the price index. The data before me only refers to this country and I did not have the opportunity to see some of the things in respect of other countries; I think if we have the data for all these countries, it would be quite possible to connect the taxation by means of the index price, but one thing is absolutely certain, that when the prices are going down, you cannot have increased taxation, because such things are sure to bring on misery in the world.

[Dr. Ziauddin Ahmad.]

That was my sixth point, and there are only two more points. My seventh point is this. I wanted to develop it in my first speech, but I could not do it, and I hope I may have some other opportunity of developing it. It is this, that any attempt to regulate the stability of exchange is frivolous, is useless, and is ruinous to the country. Manipulations by means of Reverse Council Bills, manipulations by means of deflation, and manipulations by means of increased rates of interest are really ruinous to the country. What you must have is stability of prices, and when one has succeeded in establishing the stability of prices, the stability of exchange will follow. Suitability of exchange is not the cause, but it is the effect of the stability of prices, and I think that if the Honourable Member takes up this particular thing, then the necessity of borrowing, the necessity of our having to pay very high rates of interest, and selling at a very high rate these Treasury Bills and Reverse Council Bills will entirely disappear.

I do not want to detain the House, but as salt is explicitly mentioned in this particular clause, I will only say this about it. I quite agree from the point of view of political economy that this is the most convenient commodity for taxation. It is an inelastic commodity; it is a commodity which everybody uses, and therefore from the point of view of theories of political economy, this is the most convenient commodity for taxation. But there is a great deal of history behind this tax. Since I was a child I have been hearing all this time complaints made by politicians against this particular tax. There is a great deal of political literature behind it, and I may tell the Honourable the Finance Member in the end that the people do not exist for the theories of political economy, but that theories of political economy should be framed for the convenience of the people.

Some Honourable Member: Let the question be now put.

Mr. President: I accept the closure. The question is that the question be now put.

The motion was adopted.

The Honourable Sir George Schuster (Finance Member): I have been told in the course of this debate by my Honourable friend Rai Sahib Harbilas Sarda that I have a dual personality. I also feel on rising now to reply that there is some duality in the task put upon me. On the one hand, I have been asked by you, Sir, to be as brief as possible in my reply, and on the other, I have just received from my Honourable friend Dr. Ziauddin Ahmad a request to give him detailed answers to eight points which he has put to me. I trust that my Honourable friend will not think that I am treating his points lightly if I do not deal fully with all of them. But I might take his speech as a peg on which to hang a few remarks at the outset.

One of the points with which I have to deal is this question of uncertainty as to the possible results of further retrenchment. My Honourable friend who spoke last has just put to me the point that we have not given full effect to all the recommendations that we have received, and further that we are likely to receive a number of further recommendations, the financial effect of which this Assembly is not yet in a position to estimate. Now, as my Honourable friend has asked me to take a careful note of what he has said, I would like to ask him on his side to take a careful

note of what I have said, and he will be in an easier position than I am in this matter because what I have said is on record and the substance of the Government's proposed action is fully given in the memoranda which my Honourable friend has already had several days to study. I think that if he will go through those memoranda he will find that we have decided to give a very substantial effect to the proposals of the various Retrenchment Committees. But as regards the future my Honourable friend has happened to select an instance which gives me a very good opportunity to explain the general position which I have had to take up in this matter.

The Honourable Member has referred to the Sub-Committee, on which he himself is serving,—the Sub-Committee on Railways,—and he has said that that Sub-Committee has only covered a very small portion of the Budget, has only submitted recommendations for economies, amounting I think he said to Rs. 75 lakhs, and that there is a vast margin for further saving which demands further enquiry, possibly enquiry by an expert committee. I admit that the position as regards the railways has not yet been fully examined, but I would remind my Honourable friend of two points. First of all, the Railway Board themselves, who got first off the mark in this race for retrenchment after the last session—the Railway Board themselves have already introduced an extremely drastic programme of retrenchment, and as I informed the House the other day, their figures for economies already achieved, or rather the result of measures already introduced will represent as regards ordinary retrenchments a saving of about Rs. 5½ crores in a full year, and as regards cuts in pay, a saving of something between Rs. 2 and 2½ crores. That is to say, a total of retrenchment of nearly 7½ crores, which I maintain is a very substantial amount. That is the first point I want to make. The second point that I want to make still better illustrates my general position. If my Honourable friend will turn back his memory to the speech which I made in introducing the Finance Bill in Simla, I think he will recollect that I made it clear to the House that our view on the Government side was that, taking into account the economic condition of the country, whatever economies we might be able to effect on railways would not put us in a position to draw, or to be able to count on drawing, any contribution to the general revenue from the railways for the next year. Now, Sir, that is the broad position which I want the House to accept.

Dr. Ziauddin Ahmad: That is a point on which I wish to join issue with the Honourable the Finance Member.

The Honourable Sir George Schuster: My Honourable friend is perfectly at liberty to join issue with me on that matter, but I would remind him that it is we who have to carry the responsibility for the estimates, and it is we, and I say so without any spirit of pride or any criticism of my Honourable friend's qualifications,—it is we who are in the best position to judge of what is likely to happen. And I put it to the House as emphatically as I can that if we were to frame our estimates on the expectation that we are likely to get next year any contribution to general revenues from railways, we should be grossly misleading the House and failing in our own duty.

Now, Sir, I am glad of having had the excuse to refer to that particular matter because, as I have already said, it very well illustrates my position. We have had, and I have always admitted it,—we have had to paint the

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picture that we put before the House on this occasion in very broad lines, with broad and sweeping strokes. We have not been able to finish out the details with that meticulous accuracy which one would desire, but I maintain that the picture painted in those broad lines and with those broad strokes is a true picture of the situation, and it affords the justification for the proposals which we are putting before the House. Honourable Members will remember that the point I made in speaking on the second reading of the Bill was this, that, although there was room, I freely admitted it, for alterations in our estimates of what we should be able to achieve by retrenchment, the variable margin was not sufficient to justify us in putting before the House any expectation that we should be able to depart substantially from our financial programme. That is the position which is very well illustrated by the example from the railways which my Honourable friend has taken.

Having dealt with this point, I hope my Honourable friend will excuse me if I do not on this occasion deal fully with all the rest of his points. A good many of them will be touched upon in the general remarks which I now have to make. I will continue on this question of retrenchment for a few moments because it is one of the relevant arguments in this whole discussion. Those who have stuck to the point, the point of this motion, and I gratefully acknowledge the efforts of those who have done so, perhaps a minority of the speakers, those who have stuck to the point have argued the case on two or three grounds. There is the ground of merit and the technical or constitutional ground. On grounds of merit or common sense the general argument has been that we are premature in our proposals, that the whole of the conditions are uncertain, and that we have no right to ask the House to commit themselves for 18 months in this period of uncertainty. One of the factors of uncertainty is the factor to which I have referred, the factor of retrenchment. It has been said that we have made no sufficient allowance for the possibility of further retrenchment. I have already made my main point in that connection, but in the course of the discussion certain statements have been made, and I think I am justified in taking the time of the House very shortly in emphasising once more the really drastic nature of the retrenchment which we have effected. My Honourable friend, Mr. S. C. Mitra, who moved this motion in a very full and sincere speech, took us to task for not having followed the example of the British Government. He said, I think, that in the case of the British Government they had dealt with their programme by measures which relied to the extent of two-thirds on retrenchment and only one-third on taxation. May I remind my Honourable friend of what are actually the facts? It will be simpler if I confine myself to their estimates for 1932-33, and I need not bother the House with giving them the estimates for 1931-32, because the proportions are approximately the same in each case. For 1932-33, the British Government estimated their Budget deficit at 170 millions and they proposed to balance it in the following way. By economy cuts 70 millions out of 170, by altering the Sinking Fund provision 20 millions and by fresh taxation 81½ millions; that is to say, they took over 101½ millions from taxation and raids on the Sinking Fund and only 70 millions from economy cuts. But I must carry the comparison a little further in order to illustrate the true position. The British Government have certain types of expenditure which they can cut down by a stroke of the pen without in any way affecting

their administrative organisation, and the greater part of their economy is made by cuts of that kind. That is to say, they are taking half a million from unemployment grants, and 35·8 millions from unemployment insurance, of which about 25 millions comes from reducing the benefits and 10 millions comes from increasing the enforced contributions by the employers, which strictly speaking might have been added to the burden of taxation. In addition to that, they get £7,860,000 from raiding their Road Fund. Out of those measures which I have mentioned they get a total of £44,160,000, and out of genuine economies comparable to those with which we have had to deal, they have only been able to effect savings of £26 millions, on a Budget which, setting aside expenditure on public debt, is something like £500 millions, the percentage therefore is something like 5 per cent., whereas Honourable Members will recollect that I was able to demonstrate that we, taking the two years together, will have reduced our administrative expenditure by something like 16½ per cent. I venture to say that that comparison fully supports the argument which I put before the House, that our economy measures represent a real and genuine effort and one which we can place before this House with every confidence, that at least so far as was possible we have done our duty.

Now, Sir, there are certain other points which have been made about retrenchment with which I cannot deal fully, but again in justifying my confidence that we are putting fair proposals before the House, I would like to refer to certain remarks which have been made about the dilatory nature of the retrenchment proceedings. I think it was my Honourable friend Mr. Ranga Iyer who suggested that we had wasted time, and that if we had appointed an expert committee the whole matter would have been dealt with much more expeditiously. Now, I should like the House to appreciate one of the difficulties in which Government have been in this question of retrenchment. On the one hand we are criticised by those who say that we have not gone fast enough. On the other hand I find a still greater weight of criticism on the side of those who ask what justification have the Government for introducing retrenchment measures before they have received the reports of the various Retrenchment Committees? I recognise that the Retrenchment Committees have been working at high pressure, that they have not wasted time, and I have been one of those most anxious to give them full time for their task, but the fact remains that we are here now in the middle of November, with our time also fully pledged until the beginning of December, and the General Purposes Retrenchment Committee has not yet been able to review the whole of the field. I make no criticism of them for that result, but I put it forward as a justification for the Government having to come forward with their own estimates of what is possible and asking the House to deal with them on that basis. And again as regards the percentage of effect which we are giving to those recommendations, there again I think that we can face every challenge which is put to us. I told the House that in the case of the Incharge Committee the Government accepted something like 63 per cent. of their recommendations as regards the civil administration.

1 P.M. and I was able to say that, in our case, judging by the amounts involved, we were giving effect to 90 per cent. of the Committee's recommendations. Moreover, Sir, I would remind the House that we have been courageous enough to take a somewhat unusual procedure in this matter. In the normal course, in the case of normal Governments where politicians are in control, when it comes to the question of retrenchment, they do, normally, refer matters to an expert committee—

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a committee of people who have practical experience of the business of office organization and of the conduct of the normal sort of business with which a Government has to deal. The politician, in that case, may be said to call in to himself the advice of experts. In our case, we none of us claim to be politicians; but we do claim to have some knowledge of business methods and of the handling of Government administration. I do not say that my Honourable friends opposite are not experts; but I think that they figure rather as politicians: and in contradistinction to the normal case of the politician calling in the expert to advise him, we, in our case, claim to be experts but have turned for advice to the politicians.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): May I ask one question as regards this point? Did not my Honourable friend ask the departments to make 10 per cent. cuts in expenditure but that they responded by proposing only 2 or 2½ per cent.? Are not *they* experts?

The Honourable Sir George Schuster: If my Honourable friend would have allowed me to complete my remarks, I think possibly he would not have put that question. As regards that particular question, the point to which he has referred was the preliminary request which was sent out by the Finance Department immediately after the last session, and the object of which was to try and get, before the Retrenchment Committee met in May, some indication of what a ten per cent. cut would involve. But, if I might complete what I was going to say, I was going to say that, although that rather inverted procedure which I was describing had been severely criticized, I venture to think that it proved eminently successful, and that we have found the politicians of great value in insisting upon a proper inquiry into this whole matter. I referred to the rather unusual nature of the proceedings as a further point to emphasize the point that I was making that, although we have followed a rather unusual procedure, and although we have, by appointing these committees, admitted a certain amount of delay, nevertheless the results have been very substantial; and I maintain—and anyone who likes to look at the time table of what had happened in the case of the Incheape Committee can verify this—I maintain that the results have not only been satisfactory but extremely expeditious. Sir, I put that forward. . . .

Mr C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): May I just inquire whether it is not the case that the report of the General Purposes Sub-Committee has not been published so far and that, when published, it will be of no use whatever for the purposes of this Finance Bill till March 1933?

The Honourable Sir George Schuster: I entirely repudiate my Honourable friend's suggestion that the further reports of the General Purposes Sub-Committee, when published, will be of no use. Certainly they will be of considerable use. As regards the further margin

Sir Abdur Rahim: May I point out another fact? We gave the figures before the 1st of November—I think about the 30th of October—to my Honourable friend. We completed the inquiries, and we gave the figures to him as requested by him.

The Honourable Sir George Schuster: Sir, I have given way several times to my Honourable friends opposite, and I trust they will not interrupt me further, or it would be impossible for me to conclude my remarks.

My Honourable friend is entirely misunderstanding the purport of my remarks. The House knows perfectly well the circumstances in which the conclusions of the second interim report of the General Purposes Sub-Committee have come before us and the circumstances in which I placed my own figures before the House. I explained them fully in replying on the debate on the second reading of the Finance Bill. I think the House, if they followed my remarks, would have been convinced that the margin, the difference, between what we have proposed and what might be the result of the further recommendations of the General Purposes Sub-Committee was not sufficient to justify us in counting on being able to make any substantial alteration in our general financial plan. That is the sum and substance of what I have to say on this question of retrenchment, and having emphasized that point again, I will leave the question of retrenchment till further opportunities for discussion arise.

Then, Sir, there is a second point that has been made, that the whole of the economic position is now so uncertain that we are not justified in putting a financial plan before the House. The uncertainty has been pictured by different speakers in different colours. Some have anticipated further worsening, others have anticipated improvements. Now it must be obvious to everybody that on all occasions when budget estimates are presented there is a certain amount of uncertainty. One has to look forward for 12 months. No Finance Member ever knows what the monsoon is going to be, or how conditions are going to go in the whole world: there is always a great element of uncertainty, and I maintain that that particular form of uncertainty is not greatly increased by the fact of your taking your view forward for 18 months instead of for 12 months. But at present, we are working under a quite abnormal uncertainty, something quite different to that which we usually have to face. We must all accept that fact. I make no secret of it, that it is possible that all our estimates may prove very wide of the mark, but I shall be in just the same position next March and we shall gain nothing at all by waiting. However optimistic one may be about the future, if one really studies the factors which are underlying the present situation, no one can hope that by next March we should be able to say that "All these factors of uncertainty have disappeared, the whole world is now once more on sure ground and we can go forward with confidence and make our plans with complete certainty as to how things are likely to turn out". That factor of uncertainty is one which we cannot possibly eliminate.

I might perhaps refer very shortly to one other reason which was given for not approaching the House now, although it was only mentioned by one speaker, so that I can imagine that that reason does not carry very much weight with the House. It was said that the British Government, speaking through the mouth of the Prime Minister, had promised the Government of India financial assistance of some kind if it should be needed. It was asked, "With that promise behind you, why need you go forward with these drastic proposals for taxation?" Now, Sir, the speaker who made that suggestion went on to suggest that that promise was not a reality. I want to say as distinctly as I can that that promise is a reality. (Loud Applause.) But let us all be very clear in our minds as to how advantage should be taken of it. I do not imagine there is a single man in this House—in whatever quarter of the House he sits—who would like the position that India should go and ask for help from another Government because India has not had the courage to face her own troubles, by

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her own measures (Hear, hear); and I for one believe that we would be totally unjustified in asking the British Government for help unless we had taken every possible step to put our own house in order. Sir, that consideration to which I am now referring is not an argument for not proceeding with our taxation proposals, but it is the strongest possible argument for going ahead.

Now, Sir, I come to the central point of this motion. I have been asked by my friend, Sir Muhammad Yakub, to go in detail through the legal side of the case. But, Sir, on that point, I have no case to meet. No argument has been put up, no case has been argued from the other side to show that there is anything illegal or unconstitutional in what we propose.

Mr. Lalchand Navalrai: Is the burden upon us?

The Honourable Sir George Schuster: I think the burden is most certainly upon Honourable Members of the Opposition who oppose a particular measure on a particular ground,

Mr. Lalchand Navalrai: We are on the defence.

The Honourable Sir George Schuster: On that point my Honourable Colleague, the Leader of the House, gave the House certain information and quoted some passages from the Report of the Statutory Commission, which were statements of fact as regards the constitutional position. I do not think that I need go into that question in detail again. It is sufficient for me to inform the House that we have examined most carefully the legal position and we find that there is absolutely no shadow of a case for those who argue that what we are doing is unconstitutional.

There is another kind of argument. My Honourable friend who spoke last, Dr. Ziauddin Ahmad, said that he had never heard any argument explaining why we were adopting this procedure. I will do my best to fill that lacuna in his information. Sir, we have two main objects in view in putting forward our proposals in this form. We have to consider first the effect on Government revenues, and secondly the effect on the Government's credit and its general financial stability. Now, as regards the effect on revenues, I would ask Honourable Members to take account of the fact that the greatest part of the revenue which we estimate from our proposals will come from customs duties and excise duties. I think it must be clear to everybody that if we were to impose customs and excise duties for a period of 5 months, the effect on our revenue would be disastrous. Salt revenue, to take one article for example, would probably cease altogether. With that uncertainty, every one would try to live on his stocks, avoiding taking over new stocks liable to the temporary higher duty. Exactly the same applies to customs import duties. It is no exaggeration to say that if we had tried to put forward duties of a temporary nature designed only to operate for 5 months and liable to revision after 5 months, the effect on our revenue would have been, as I have already said, disastrous. Quite apart from that, as my Honourable friend Sir Muhammad Yakub himself pointed out, the disturbing effect, on all those who are doing business, of that uncertainty would

have been one of the worst things that we could possibly have done to business at the present time. I put it to the House with absolute confidence, and I am sure they will appreciate this, that so far as the Customs and Excise portion of our programme is concerned, we could not possibly have put forward a plan designed only to bring in duties at a certain rate for 5 months. As regards the income-tax proposals, if my Honourable friends had made their case on the ground of income-tax, it would have been, treated by itself, rather more difficult to meet. But that brings me to my second ground which is this. We felt that it was absolutely necessary to tackle the position. One of the speakers has already said, we knew the position, we foresaw the position and if we had not come forward to tackle it, we should have been failing in our duty. How could we tackle it? It was too late to recover the deficit on the 6 months that had already passed. But we felt, as we knew sufficiently what the situation was likely to be to be able to frame proposals, we had to introduce proposals which would provide a balance for the next 18 months. We maintain that nothing less would have been financially sound, and as I said in my speech the other day, in doing that we were following the example of the British Government. The British Government have done in principle exactly what we are doing. They have said they must provide a plan to the end not of the current financial year but of the next financial year. No other programme will ensure budgeting stability, and unless you can ensure that budgeting stability, you cannot hope to maintain the general financial stability of the country. That, Sir, is the reason why we have acted as we did. We fully recognise that in taking this action we are doing something unusual. We are departing from the ordinary practice of the House. We are not violating in any sense the provisions of the constitution, but we are departing from what has been the ordinary practice of the House, and we maintain that the justification for that departure is the totally exceptional nature of the position, the justification which, as I have already said, has guided the British Government in their similar line of action. But, Sir, the departure is far less in principle than my Honourable friends opposite would have led the House to suppose. What are we doing now? We are, a few months before the end of the current financial year, asking the House to pass a Finance Bill for the next year. We are not coming forward with a second Finance Bill in the same financial year. The Finance Bill is always passed before the end of one year and before the beginning of the year to which it applies. It is passed in March. The next year begins on the 1st of April. We are following that same procedure, but doing so a few months in advance of the beginning of the next financial year. There is nothing unconstitutional in that, and the difference is a difference in degree and not a difference in principle. I think my Honourable friends do not quite appreciate that fact. But if we wanted to act otherwise, there is nothing in the constitution to prevent us from bringing forward a Budget and a Finance Bill every month, and if I am to be guided by that absolute certainty of my estimates which Honourable Members seem to presuppose as the condition justifying a Finance Member from introducing any provision, certainly then I should have to introduce a Finance Bill every month in future. That I think every one would admit is a *redutio*

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ad absurdum. I need not labour the point further. I think that all those who stand back from this position, who take a view unprejudiced by the need for political opposition, will see that in the actual circumstances with which we are faced, looking forward to all the uncertainties which are affecting our position—and I would include in that, political uncertainty also, uncertainty about the constitutional future as well, because I am sure Honourable Members who are in business will realise how that is linked up with our financial position and how it is increasing the difficulties of making provision for the future—taking into account all those uncertainties, we could not allow ourselves to be in uncertainty about our fixed determination to secure budgetary stability and a budgetary balance, and the only way in which we could do that at the present moment is by being honest with the House and telling them what we think of the next year. If we tell you that we think that things will improve next March and therefore we are going to hold our hands, we shall certainly be deceiving you with an optimism in which we ourselves do not believe. Our duty on the contrary is to come before you and say, "This is what we think necessary; this is the honest course. This is what is required in order that India should keep her place." That, Sir, is what we are doing and that is the course which I ask the House to support. (Applause.)

Mr. President: The question is:

"That clause 2 be omitted."

The Assembly divided:

AYES—48.

Abdoola Haroon, Seth Haji.
 Abdur Rahim, Sir.
 Aggarwal, Mr. Jagan Nath.
 Azhar Ali, Mr. Muhammad.
 Badi-uz-Zaman, Maulvi.
 Bagla, Lala Rameshwar Prasad.
 Bhuput Singh, Mr.
 Chandi Mal Gola, Bhagat.
 Chetty, Mr. R. K. Shanmukham.
 Chinov, Mr. Rahimtoola M.
 Das, Mr. A.
 Gour, Sir Hari Singh.
 Gunjal, Mr. N. R.
 Harbans Singh Brar, Sirdar.
 Hari Raj Swarup, Lala.
 Ibrahim Ali Khan, Lt. Nawab
 Muhammad.
 Isra, Chaudhri.
 Jha, Pandit Ram Krishna.
 Jog, Mr. S. G.
 Krishnamachariar, Raja Bahadur G.
 Lahiri Chaudhury, Mr. D. K.
 Lalchand Navalrai, Mr.
 Liladhar Chaudhury, Seth.
 Maswood Ahmad, Mr. M.
 Misra, Mr. B. N.

Mitra, Mr. S. C.
 Mody, Mr. H. P.
 Muazzam Sahib Bahadur, Mr.
 Muhammad.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Parma Nand, Bhai.
 Patil, Rao Bahadur B. L.
 Puri, Mr. B. R.
 Rajan Bakhsh Shah, Khan Bahadur
 Makhdum Syed.
 Ranga Iyer, Mr. C. S.
 Reddi, Mr. P. G.
 Reddi, Mr. T. N. Ramakrishna.
 Sadiq Hasan, Shaikh.
 Sant Singh, Sardar.
 Sarda, Rai Sahib Harbilas.
 Sen, Mr. S. C.
 Sen, Pandit Satyendra Nath.
 Singh, Kumar Gupteshwar Prasad.
 Singh, Mr. Gaya Prasad.
 Sitaramaraju, Mr. B.
 Sukhraj Rai, Rai Bahadur.
 Thampan, Mr. K. P.
 Uppi Saheb Bahadur, Mr.
 Ziauddin Ahmad, Dr.

Ahmad Nawaz Khan, Major Nawab.
 Allah Baksh Khan Tiwana, Khan
 Bahadur Malik.
 Anklesaria, Mr. N. N.
 Azizuddin Ahmad Bilgrami, Qazi.
 Bajpai, Mr. R. S.
 Banerji, Mr. Rajnarayan.
 Bhoré, The Honourable Sir Joseph.
 Cosgrave, Mr. W. A.
 Oorerar, The Honourable Sir James.
 Dalal, Dr. R. D.
 DeSouza, Dr. F. X.
 Desanges, Mr. H. C.
 Dyer, Mr. J. F.
 Elliott, Mr. C. B.
 Fazal Haq Piracha, Shaikh.
 Fox, Mr. H. B.
 French, Mr. J. C.
 Graham, Sir Lancelot.
 Griffiths, Mr. G. I.
 Gwynne, Mr. C. W.
 Heathcote, Mr. L. V.
 Hira Singh Brar, Sardar Bahadur
 Captain.
 Howell, Mr. E. B.
 Ishwarsingji, Nawab Naharsingji.
 Ismail Ali Khan, Kunwar Hajee.
 Jawahar Singh, Sardar Bahadur
 Sardar.
 Knight, Mr. H. F.
 Lal Chand, Hony. Captain Rao
 Bahadur Chaudhri.

Lall, Mr. S.
 Montgomery, Mr. H.
 Moore, Mr. Arthur.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur S. O.
 Noyce, Sir Frank.
 Parsons, Mr. A. A. L.
 Pelly, Major H. R.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rama Rao, Rai Bahadur U.
 Row, Mr. K. Sanjiva.
 Sahi, Mr. Ram Prashad Narayan.
 Sams, Sir Hubert.
 Sarma, Mr. R. S.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Studd, Mr. E.
 Suhrawardy, Sir Abdullah.
 Sykes, Mr. E. F.
 Tait, Mr. John.
 Talib Mehdi Khan, Nawab Major
 Malik.
 Todd, Mr. A. H. A.
 Yakub, Sir Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.
 Zulfiqar Ali Khan, Sir.

The motion was negatived.

The Assembly then adjourned for Lunch till Ten Minutes to Three of the Clock.

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

Pandit Satyendra Nath Sen (Presidency Division: Non-Muhammadan Rural): Sir, we were given to understand that these amendments would be taken up later on.

Mr. President: Is the Honourable Member prepared to move his amendment to clause 2, No. 13?

Pandit Satyendra Nath Sen: Yes, Sir. I beg to move:

"That in clause 2, the words and figures 'of section 5 of the said Act and the Third Schedule thereto as amended by section 6 of this Act fixing inland postage rates for the said year' be omitted."

I wish to deal with this part of this section in detail when the question of postage rates under clause 6 will come up for consideration.

Mr. President: Does the Honourable Member wish to move his amendment or not?

Pandit Satyendra Nath Sen: Yes, Sir, I move it formally.

Mr. President: All right.

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammadan): Sir, the amendment of my learned friend proposes to restrict the raising of the postage rates to the 31st of March, 1932. Now, Sir, on principle I am opposed to any increase in postage rates for the simple reason that this is a tax on one of the means of communications which affects the rich and the poor alike in this country, and the poor more than the rich, and it is very hard indeed to increase postage rates at such a time of world depression, a burden which will go down to every village and will affect the poorest of the poor. It is one of the privileges of an enlightened administration that every man should be able to have converse with those who are at a distance, with whom he has business relations, and it is this privilege which has been becoming more and more costly of late. It was not very long ago that a man could have got a postcard for a pice. That amount was doubled owing to the exigencies of the financial situation, and the postcard came to be sold at 2 pice and a letter at 4 pice. It was supposed that these rates would not remain for very long, for many a time when the annual Finance Bill came up for consideration before this House, attempts were made to bring down the price at least of the postcard, but those attempts have failed. Now we find that these rates are going to be increased by 50 per cent., making the cost of the postcard 3 pice and that of a letter 6 pice. I submit with all respect that there is hardly any justification for making these increases. The justification urged by the Government is that the Posts and Telegraphs Department is not paying its way, and being a commercial department, unless you can make both sides of the Budget balance, so far as that department is concerned, there is bound to be an increase in the postal rates. So far as that question is concerned, in the first place we have to see whether the Postal Department is really such a deficit department as is made out to be. There was a time when from the Postal Department large surpluses were absorbed by the general revenues, and now for capital expenditure in this Department a good deal is charged to the postal account for interest. That is a matter which requires some consideration. Quite apart from other things, if this department was paying to the general revenues of the country in the past, I do not see why a little loss on this score should not be borne by the general revenues. Any way, even if it is a commercial proposition, one should look at it from another point of view. The increase in postage rates may not be very desirable, because the number of letters sent and the revenue raised thereby may not be considerably decreased. You may be raising it beyond a point at which it would not be possible to get an increased revenue. In fact, the increase in this direction is far too heavy and quite unjustified under the circumstances of the case. We are told that this is an emergency measure and that the times are such that we should allow these increases. Sir, I yield to none in my desire to balance the Budget and to see that these departments should pay their way so far as they can, but the proposition which has been put forward by my Honourable friend comes only to this that, so far as the postal rates are concerned, we should have an opportunity of looking into this question again some time in March. The only effect of the proposal of my friend is that the increases proposed, whether they are ultimately passed as part of the Finance Act or not, should not automatically be extended for a period beyond the 31st March, 1932. In other words, all that we claim

is that this matter should be enquired into a little more closely when the time of the Budget comes in March next. There are very good reasons for this proposition. Postal revenue is one of those elastic items which may vary considerably, and it is just possible that the increase of this revenue during the next few months may change the opinion of the Finance Member. It is also just possible that the increase in the postal rates may lead to the anticipated revenue and it would be undesirable to continue the increased rates for next year or so, or it may be that trade and industry may revive and that we may have passed the worst of the depression and then it may be unprofitable to keep the postal rates at that high figure. Any way, postal communications are indispensable for the promotion of trade and industry in any civilized country, and I submit that this very limited proposition of my friend that the rates should not be allowed to continue beyond the 31st day of March, 1932, should be accepted, and I hope that the House will not allow the increase in postal rates to continue beyond the 31st March, 1932. It only means that we shall have an opportunity of examining the position later on.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, at the very outset I may be permitted to say that there is a separate amendment under which the question of postal rates is going to be discussed, and it was your ruling, Sir, that in order to enable Honourable Members of this House to discuss clause 2 of the Finance Bill as to whether it should be for 18 months or for a lesser period, that

3 P. M. this change should be made at the Third Reading of the Bill. Therefore, I have a cut to move that the postal rates should be omitted, and so I do not propose to dwell at length on this subject at the present moment, but I will only say this, that it was a general understanding of the Government of India, at any rate when the Postal Department was first instituted in this country, that it should not be treated as merely a revenue earning department. Such being the case, on the last occasion when I offered my general remarks I said that the Post Office is the carrier of civilisation, and as such the Government of India will not be justified in allowing fiscal considerations to weigh in favour of increasing the postal rates. I have also drawn attention to the fact that on the last occasion when the postal rates were increased in 1922 by cent. per cent., it was found that there was an immediate fall in the returns both of postcards and of letters. I also mentioned that, had not that happened, the usual amount of 20 millions annual increase both under postcards and letters would have gone up to 80 millions in each case. As I wish to deal with all these points at greater length, I hope that this amendment will not be pressed to a division at this stage.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadian Rural): I heartily associate myself with what has fallen from my Honourable friend Mr. Jagannath Aggarwal. I do not know whether, in spite of the large deficit in England, the English postage on inland and foreign letters has been increased. I presume it has not. The present proposal is to increase the price of covers and postcards by 50 per cent. It works out at $1\frac{1}{2}$ annas for envelopes and nine pies for the postcards. It is certainly a very high rate, probably higher than anywhere else, and I doubt whether the increase will have the desired effect. The chances are that considering the high prices, people who ordinarily go in for covers would go in for postcards and the revenue from covers is sure to fall.

[Mr. K. P. Thampan.]

Sir, with your leave, I will refer to the retrenchment that is proposed to be effected in this department. In the civil Budget omitting Posts and Telegraphs, the Honourable the Finance Member has proposed a cut of Rs. 3 crores and odd out of a total of Rs. 18 odd crores; it works out at 17.6 per cent. of the total expenses. In the Postal Department the total expenses come to about Rs. 11 crores, and the retrenchment proposed to be effected comes to only about Rs. 10 lakhs, not even 1 per cent. If the axe of retrenchment is properly applied, I am quite sure that there will be great scope for further retrenchment and more savings could be effected in the department. I shall refer to one or two cases which more than reveal the mentality of the Department with regard to their earnestness in effecting retrenchment. The other day, I do not remember who among my Honourable friends asked a question regarding the contract for carrying mails in Madras. The Honourable Member in charge of the Post Office said that the rate fixed was Rs. 10,000 or so, and when it was brought out in a supplementary question that there were people who were willing to take it up for Rs. 6,000, the Honourable Member in charge did not even care to answer or to tell us that at the time the next contract was offered they would be prepared to consider the proposal. That reveals the mentality of the Department. Sir, there is another instance with regard to the business side of the administration of the Postal Department. I remember the day when Superintendents of Post Offices used to inspect the sub-offices twice a year. Now, they are doing it only once a year. In those good old days there were no motor cars, and the Superintendents were forced to travel in bullock carts in our district. Now, we have motor cars and other conveyances for rapid transport, and inspection has been reduced by half, and in spite of these, there are more Superintendents of Post Offices. That again shows, Government have no desire to run the business on economic lines. The tendency in the Department has been to increase more and more the cost under all heads and the proper way to balance the expenditure of the Department is to effect retrenchments and cut down the cost. I therefore submit that it is most improper and unwise to increase the price of postcards and covers, the effect of which will only be a reduction in the revenue. Sir, I support the amendment.

Pandit Satyendra Nath Sen: On mature consideration I would like to withdraw this amendment, and we hope to concentrate our attention on the consideration of clause 6 when it comes before the House.

The amendment was, by leave of the Assembly, withdrawn.

Clause 2 was added to the Bill.

Mr. President: The question is that clause 3 stand part of the Bill. I will take amendments to Schedule I.

Amendment No. 95, Mr. Bhuput Singh.

Mr. Bhuput Singh (Bihar and Orissa: Landholders): Sir, the amendment that stands in my name against clause 3 of the Bill and which I beg to move is:

"That in Part I of Schedule I to the Bill amendment No. 1 be omitted."

Sir, I fail to understand why raw cotton, which was free from duty hitherto, is sought to be saddled with a duty. The other day the Honourable the Finance Member claimed that the import duty on raw

cotton would be of benefit to the Indian cotton growers. But there is considerable confusion of issues in that statement, because India does not grow long-stapled cotton for production of higher counts of yarn. In so far as the Egyptian and East African cotton is concerned, it can be said with certainty that India cannot grow such cotton of staple length or spinning value. Sir, there is another point again which I should urge here. About 60 per cent. of the cotton produced in India is exported, and unless the Honourable the Finance Member can raise the world prices of cotton, I cannot see how the proposed duty would be able to enhance the price of the local cotton. Again, Sir, admitting that long staple cotton can be profitably cultivated in India, the Government should first educate the cotton growers in this matter through their many costly agricultural research institutions and make India produce a sufficient supply for her needs and then resort to restriction of supply from abroad. There is, therefore, no protection to the Indian farmer by imposing such import duty on raw cotton coming from abroad. I should have liked the Honourable the Finance Member to have attempted to meet the very many pleas and arguments that have been set forth in their Representation to him from the East African Cotton Merchants' Association, dated the 2nd November last. I cannot for a moment feel convinced that the real significance of the new duty on raw cotton from abroad is the protection of Indian interests. To my mind it is intended to afford an indirect bounty to Lancashire and that is what easily accounts for the unusual eagerness on the part of some European organisations to support this measure. Furthermore, the following gist of a reply to a question in the House of Commons on 5th October last, as was so pertinently pointed out by the Honourable the Deputy President the other day, Sir Samuel Hoare indirectly expressed how much concern he had as the Secretary of State for India for the interests of Lancashire. This is what we get from the papers :

"In the House of Commons replying to question today Sir Samuel Hoare pointed out that the difference in the ordinary rates between British and non-British cotton piecegoods was now 6½ against 5 per cent. previously. The other mitigating factors as far as Britain was concerned were the duties on machinery and raw cotton."

Next, Sir, I place before the House what the Indian Tariff Board in respect of their Cotton Textile Industry Inquiry wrote in 1927 in their unanimous report on the subject. They say :

"We cannot but hold that one of the remedies for the present depression is to be found in some alteration in the character of production in Bombay. We consider that it is essential that Bombay should utilize to the full natural advantages it possesses in the matter of climate and of its situation in respect of imports of American or African cotton for the production of goods of higher quality than it has done in the past, that it should devote much less attention than it has done to the production of grey goods, more especially of grey longcloth and shirtings, and that it should embark on a much larger production of bleached and coloured, printed and dyed goods. In making a recommendation that the Bombay mills should produce a higher quality of goods, we do not overlook the disadvantages in regard to which these mills, in common with all Indian mills, suffer from the lack of suitable raw material. The Indian Central Cotton Committee estimate that, of the total production of Indian cotton only 320,000 bales or 16 per cent. of the cotton of staple of 7/8ths inch and over are suitable for warp yarn of counts from 30s to 36s with an additional 60,000 bales suitable for weft yarn of over 36s counts, whereas the total amount of cotton consumed by Indian mills averages slightly over 2 million bales annually."

[Mr. Bhuput Sing.]

Further they also said :

"We are of opinion that it would be to the advantage of the Bombay Mill Industry to follow the example of the Japanese Industry and to make a more extensive use of African and American cotton in order to enable it to place on the market quality of cloth superior to those it is at present manufacturing. Bombay is specially favourably situated in regard to the import of African cotton, though the advantage it has in this respect over Japan, to which in 1923-24 and 1924-25 more than half the imports of East African cotton into Bombay were re-exported has been materially reduced by the recent inauguration of a direct service between Osaka and Mombasa. The imports of African cotton into Bombay in the last three years have been 15,805, 18,479 and 68,863 bales, respectively, so that there was a marked advance in the use of this cotton in 1925-26. We have not been able to ascertain definitely how large a proportion of the East African cotton imported is taken by the Bombay and Ahmedabad Mills, respectively, but our enquiries showed that it is probable that Ahmedabad uses more of it than Bombay. It should be mentioned that the East African cotton crop ranks amongst the world's smaller crops though it is increasing with some rapidity, the estimated crop for 1925 being 3,00,000 bales against 96,000 bales in 1921."

In fact, Sir, no Government in the world taxes or prevents raw products, which feed its industry, from coming into the country. This argument becomes all the more strong when the raw product in question is such that it cannot be produced in the importing country itself. I may also point out in this connection that the Indian Fiscal Commission has also laid it down as one of the cardinal principles that the raw materials of an industry should not be taxed at all. Next, Sir, in consideration of the fact that diversification of Indian production was necessary with mixture of finer quality of cotton from abroad, and inasmuch as the Indian soil was not congenial for growing long staple cotton, it seems rather strange that the Government of India should, by such a prohibitive duty, which represents 12½ per cent. of the commodity value, ignore the recommendations of the Indian Tariff Board in the matter and set at naught the wholesome principle inculcated by the Indian Fiscal Commission with respect to what the true taxation principle should be in this matter. I submit that in the name of the cotton-growing industry in Uganda, which is an Empire venture and which has developed of late to immense possibilities and for the sake of Indian interests and the Indian stake in Uganda and Tanganyika, which make them almost Indian colonies, and for the sake of the Indian textile industry in particular, it is meet and proper that we should oppose the proposal involved in this amendment. If for revenue purposes or extreme emergency the duty on raw cotton should be retained as one of the measures for taxation, I would appeal to the Honourable the Finance Member to show his sincerity in the matter by waiving the duty on East African cotton till India is in a position to become self-sufficient in the matter. In conclusion I urge upon the House to remember that this clause only aims at the abolition of cotton from the list of articles which are duty-free. If this amendment is carried, then amendment No. 6, which imposes a duty of 6 pies per pound on cotton, should come up. But if this amendment is lost, then the other amendment, that is No. 6, should have no occasion to come up. So, I request the Honourable Members seriously to think over the situation and support this amendment. With these words, Sir, I move my amendment.

Mr. H. P. Mody: The Finance Member in his concluding speech on the consideration stage of the Bill referred to an allegation which had been made in the course of the discussion that this duty on cotton was another method of giving preference to Lancashire. My Honourable friend deprecated that

suggestion and, in vindication of the Government pointed to the various increases which have been made in the import duties from time to time during the last two years. I have had occasion several times in the past to acknowledge the valuable assistance which the textile industry has received from these increases in the import duties, and I should like to take this opportunity to repeat my acknowledgments. It may not be within the knowledge of this House that the duty of 40 per cent. on artificial silk piece-goods—with the surcharge of 50 per cent.—was probably the result of a representation made by my Association a couple of months ago, putting forward strong grounds both from the protective as well as from the revenue point of view why such a duty should be imposed, and, as I said, I should like to take this opportunity once again to make my acknowledgments to Government for the assistance that they have rendered. But, Sir, I oppose this duty on imported cotton for reasons other than those to which reference has been made by several speakers. It has been contended that the duty is calculated materially to assist the Indian cultivator. I am afraid an argument like that in this House or in any other House is calculated to sweep many Members off their feet into the Government lobby, and therefore I shall devote a moment or two to refuting that argument, and to pointing out that there is absolutely no foundation for the suggestion that the cultivator of cotton would be helped by this duty. I ask Honourable Members to apply their minds for a moment to the character of the imports of cotton which have flowed into India during the past two or three years. They will find—I will take the figures of 1930-31—that out of a total of something like 58,000 tons—I may say for the purpose of calculation that a ton would be about $4\frac{1}{2}$ bales, calculated at 500 lbs. per bale—21,000 came from Egypt, 23,000 from Kenya and Tanganyika and 12,000 from the United States. Now I do not think any supporter of the duty—not even my Honourable friend, Mr. Anklesaria, who spoke this morning—is going to contend, so far as Egyptian and Uganda imports are concerned, that these have the slightest bearing on the fortunes of the Indian cultivator. They are superior types of cotton which are not grown at all in India, and not a single bale is produced in India comparable to the imported stuff

Seth Haji Abdoola Haroon: What about the Punjab and Sind-American cotton?

Mr. H. P. Mody: I would ask my Honourable friend to take my word for this, and if he does not then to take the word of somebody else in whom he has more confidence—somebody at any rate who knows something about this business

Seth Haji Abdoola Haroon: And I too know something about cotton.

Mr. H. P. Mody: I never attempt to challenge the competence of any single Honourable Member no matter what subject he is talking upon. What I was trying to say from such little knowledge that I possess of this subject, was that the Egyptian and the Uganda cotton are not comparable to anything produced in India. My Honourable friend who has just interrupted me asked, "What about the Punjab-American cotton?" I know that type, and I do not think my Honourable friend can contend that his Punjab-American cotton can spin the counts of yarn which Uganda and Egyptian cotton can spin. I now come to the cotton which comes from the United States—12,000 out of a total of 58,000. Now it may be that a

[Mr. H. P. Mody.]

portion at any rate of this cotton may compete with Indian cotton. Not all of this cotton coming from America is cotton which is used merely because Indian cotton is not suitable. It is possible that for reasons of parity and for other reasons—early shipment and the like—some American cotton may be used in Indian mills which can very well be dispensed with and for which there could be adequate Indian substitutes. But the position is that, out of 58,000 tons only a small portion of the imports are of cotton which can compete with Indian cotton. Now this subject has assumed an adventitious importance because of the somewhat heavy imports of cotton that came in last year, and for that purpose I would like to quote three or four lines from a very authoritative document, and that is a report on cotton improvement in India issued by the Indian Central Cotton Committee which I believe commands the confidence of Government, growers and the public alike; and in this report, which is dated August 1931, it is stated:

“The past season was a poor one for Indian staple cotton, and the import of foreign cotton was to a large extent meant to replace this deficiency, though the low prices were conducive to increased purchase.”

In other words

Mr. N. N. Anklesaria: Will my Honourable friend read a few lines further on?

Mr. H. P. Mody: I will read as many lines as he wants.

“The production of finer counts in India is undoubtedly on the increase and will continue, and India should make some effort to supply the demand from her own fields for all but the very finest cottons.”

I am not challenging the position that India should make an attempt to produce the finer types of cotton. We are concerned with the position as it exists to-day, and I want to ask my Honourable friends, the Commerce Member, the Finance Member and also my Honourable friend, Mr. Anklesaria, whether they base their support of this duty on the ground that it is calculated to affect what might take place in some distant future.

Mr. N. N. Anklesaria: You must not forget threatened Russian imports.

Mr. H. P. Mody: Now let us examine what classes of Indian cotton there are which can by any stretch of the imagination at all hope to compete with foreign cotton. Here I would like to point out that while it is admitted that it is necessary that India should produce finer cotton, and larger and larger quantities of it, that there is another side to the case, and that side has been hinted at in what I am now going to read before the House:

“Over large tracts of rain-fed India the early-maturing, high-yielding, high ginning, short staple, hardy cottons indigenous to the area will compete successfully against any attempt to introduce a long-staple type. But there are other areas like the Central Provinces and Berar for which a staple cotton may be found which will give the growers immediate increased profits. What effect will an increase in the supply of staple cotton and a decrease of short staple cotton have on the prices of these two

commodities? Is it desirable that India should enter the field as a large-scale producer of cotton which competes with American cotton and by so doing give up producing over a large area the cotton of which she has a virtual monopoly?"

I would just like to add in this connection that so far as I am aware, there is no type of cotton in India which can spin successfully 40 warp yet; there are types which can successfully spin 40 weft but as you want both warp and weft finer, the cotton that has been imported has become necessary.

Sir, I could understand somebody basing his support of this duty on the ground that, on account of these large imports, whether India produced these types of cotton or not, in some way or other the prices of Indian cotton have been affected and the interests of the cultivator have suffered. But I ask, as a matter of fact, if that has happened, and I say, Sir, with the utmost confidence that it has not. The end of August figures of the stocks in India of all types of cotton were amongst the lowest in the last few years, and that in a period during which there have been heavy imports of foreign cotton. If it were the case that the influx of large quantities of foreign cotton affected the off-take of Indian cotton, one could understand the arguments that have been advanced. But in view of the fact that the stocks of Indian cotton went down to a very low figure in a year of heavy imports, I do not think it can lie in the mouth of anybody to say that the foreign imports have been at the expense of Indian cotton. Another vital test in this connection is, "How far have the premia which the better types of cotton obtain in India suffered on account of these imports?" Have Navsari, Cambodia, Punjab, American and other types fetched lower premium than they used to on account of the fact that so much superior cotton has come into this country from abroad? So far as the figures which I have obtained go to show, I do not think that in the past season, the premia obtained for the better types of cotton have suffered. As a matter of fact, there is so much of demand for these better types of cotton on the part of Indian mills that I cannot think anybody would import these superior types of cotton so long as Surats and Cambodias and Navsaris and other types of cotton in India are available.

I would now briefly deal with some of the positive objections which I have to this duty. I would like to disabuse the minds of my Honourable friends of any idea that this duty is being merely opposed by the interests represented by the Bombay Millowners' Association. I have got here a few telegrams which go to support the case put up by my Association against the duty. There is a telegram from an Association which though it has come into existence only for the last three or four years, is one which you, Mr. President, will know very well, and that is the Bombay Shareholders' Association, of which you, Sir, were once the distinguished President. The Bombay Shareholders' Association are opposed to this duty on imported cotton. Last night I received a telegram from Mr. Jamshed Mehta, Chairman of a meeting of the Indian mercantile community held at Karachi also opposing this duty and supporting the representation of my Association. Then there is the Baroda Millowners' Association, and a body which I think might possibly carry a little more weight with some of my friends on the Treasury Benches and that is the Upper India Chamber of Commerce, who have a representative here, and who have wired to me, that they are opposed to this duty and that they support the case made out by the Bombay Millowners' Association. Then

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there is the Indian Merchants' Chamber of Bombay and the East India Cotton Association, and one or two other bodies. There is also a telegram, which has been just handed to me, from His Highness the Aga Khan which runs:

"Import duty Uganda cotton ruin Indians there. Besides duty against recommendation Commission Fiscal being on raw material. Will adversely affect most Indians in Africa my followers."

Kunwar Hajee Ismail Ali Khan (Meerut Division: Muhammadan Rural): May I know to whom this telegram is addressed?

Mr. H. P. Mody: My Honourable friend here (Sir Muhammad Yakub) has just handed it to me. I presume it was addressed to him, unless he purloined it from somewhere.

My second objection to this duty is that it goes against the recommendation of the Fiscal Commission which is against taxing raw commodities, particularly if there is no question of protection involved. I do not think my Honourable friend, the Finance Member, has based his duty on grounds of protection.

Then, Sir, I would like to say that its effect on the textile industry will be very injurious. The Textile Tariff Board, over which my Honourable friend, Sir Frank Noyce, presided, with distinction, and which made a very admirable survey of the whole field of Indian textile operations—I must not be understood as saying that I support everything that my Honourable friend has said in his Report and in its recommendations, but I am free to admit that it is a most valuable document so far as the textile industry is concerned,—recommended that the industry in India should go on to the production of finer and finer counts. I would like to tell the House how far the industry has succeeded in putting into operation the recommendation made by the Textile Tariff Board. In 1927-28 counts of 40s. were produced to the extent of 11 millions lbs.; in 1930-31 they were 31 millions. Above 40s. the production in 1927-28 was 11 millions, in 1930-31 it was 27 millions. This year's figures will be even larger. We have gone on to finer and finer counts because we found that the coarser types were a drag on the market and if we hoped at all to replace the finer types of piece-goods coming from abroad, from Japan and particularly from Lancashire, we had to turn to the manufacture of finer counts. We have made notable progress. Are we going to have a set-back to that progress? Is the industry to be forced to go back because of this duty to coarser counts? I do not think that there can be any other but one answer to that question. But my Honourable friend, the Finance Member, will probably say "What about the surcharge on import duties?" He has said that this surcharge more than offset the half anna duty on raw cotton. I am not going to quarrel about words, but I certainly dispute the statement that it will more than offset it. It will just about balance, with perhaps a trifling disadvantage on our side. But there is this consideration, that even if it is the case that the half anna import duty on cotton, is offset by the increase in the duty on imported piece-goods, the price of cloth will go up. That is an important factor irrespective of whether Lancashire's capacity to compete with us is affected one way or the other. There is no denying the fact that with the half anna duty on imported

cotton, the price of the finer cloth must go up correspondingly and to that extent, the marketing of finer cloth must be affected. As regards yarn, the duty of half anna is not offset by the increase in the import duty, and an increase in the price of the finer counts of yarn made by Indian mills must follow to the prejudice both of mills and of the hand-loom weavers who use their yarn.

There is just one more point, and that is, a rather curious result seems to have arisen from the duty which has been levied. Cotton coming from certain Indian States also has been subjected to this half anna duty. I have before me here the orders issued by the Collector of Customs.

"Cotton imported from any port in Kutch is dutiable under the present tariff. Importations from any port in Kathiawar except the ports of Bhavnagar are also dutiable unless it is proved to the satisfaction of the Collector of Customs that the cotton imported from any such Kathiawar port has been produced in Kathiawar."

Many complaints reached me in Bombay that cotton coming from the Indian States was subjected to this duty of half anna per pound. I do not know, Sir, whether it was the deliberate intention of the Finance Member that such cotton should be taxed; but if it was not, I submit for his consideration whether he will not do away with this anomaly.

I would here like to make a suggestion, a suggestion which, I hope, will not go the way of the hundred and one suggestions which have been made in the course of the last four or five days. My suggestion would be that if my Honourable friend's object is to get a little revenue, not too much thought, and if his object is also to protect the Indian cultivator without affecting a national industry, he should bring forward some measure calculated to tax imported cotton under an inch staple. It would be I think fairly easy to determine that. In any case if he gave an exemption in the case of cotton from Egypt and from Uganda, which is admittedly above an inch staple, I think he would be taxing just that type of cotton which entered into competition with Indian cotton.

One more point, Mr. President, and that has relation to a remark which my Honourable friend, the Finance Member, let fall in the course of his concluding speech the other day. He sort of hinted—I do not know whether I could construe it as a threat—that the millowners must guard against any raising of the price of cloth. Might I point out to my Honourable friend and to my friends on this side of the House, that so far as the price of cloth is concerned it is the lowest in the last 16 years. From 1921 the duties on imported cloth began to go up, and successive rises in duties have taken place, and yet to-day the price of cloth is the lowest it has been in the last 16 or 17 years. Large sales of cloth were effected during this very week, during the Dewali week, and they were at a price which did not even give an economic return to the mills, and that in spite of the fact that since Britain went off the Gold Standard the price of Indian cotton has gone up by Rs. 50 a candy, which means one anna per pound. In spite of that increase in the price of cotton and in the changed outlook, to-day mills in India are realising a price which is not even an economic price, and which is certainly lower than the price which the consumer has known for many many years. Therefore let my Honourable friend assure himself and take the opportunity of assuring others that so far as the mills are concerned, there can be no question of profiteering for at least as far ahead as I can see.

[Mr. H. P. Mody.]

Sir, for the various reasons which I have placed before the House, I hope that this side of the House—and I trust the boundaries of this side of the House will extend a little further than they did this morning—will stoutly oppose this duty on cotton, and that my Honourable friend, the Finance Member, will see his way to come forward with a measure less open to objection.

Mr. N. N. Anklesaria: Sir, I congratulate my Honourable friend, Mr. Mody, on his attempt to make out a case which in truth and reality does not exist. The Honourable the Mover of this motion spoke about Sir Samuel Hoare talking about this duty benefiting Lancashire. As I said in the morning, if this duty benefits 28 millions at least of the cotton cultivators in India and if at the same time it benefits Lancashire, what is the harm. I am very glad to note that my Honourable friend, Mr. Mody, quite definitely eschewed all arguments of prejudice about Lancashire destroying the mill industry of Bombay or this duty destroying the Uganda cotton cultivator. The main arguments of Mr. Mody were that the Indian cultivator, whom it is sought to benefit, will not be benefited. Now, I may remind him that the Finance Member is not so very kind to the Indian cultivator as he is supposed to have been. The duty of half an anna per pound is not levied by the Finance Member for the protection of the Indian cotton cultivator. It is merely a revenue duty and it should not be a complaint that the Finance Member has levied a small duty instead of a bigger protective duty which he ought to have levied in the interests of the cotton cultivator of India; that should certainly not be a complaint. The argument that the Indian cultivator is not going to benefit because he does not compete with a foreign importer, as I said in the morning, is inconsistent with the argument that you would be ruining the foreign importer. If the Indian cultivator does not compete with a foreign importer, the foreign importer of course is absolutely unaffected by this duty. At present, as Mr. Mody pointed out, the imports of foreign cotton, are not on such a huge scale as may be thought in some quarters. But we have all heard of the five-year plan of Russia and we have all heard of the Russian threat of dumping the markets of the world with their raw products. In fact only three days ago I read in the *Times of India* that thousands of tons of cotton were being dumped in the European markets by Soviet Russia, and you can very well imagine the plight of the cotton cultivator of Gujerat, of the Punjab and other parts of India if Russian cotton is dumped into India. Then, my Honourable friend, Mr. Mody, said that the mill industry would be harmed. I have tried to understand him, but I am sorry to say that I fail to realise any reality about this argument. It is true that for a few years the millowners of Bombay and Ahmedabad may have to compete on unequal terms with Lancashire and other foreign countries, but in the long run, by having the raw material at their own door instead of importing it from 5,000 to 6,000 miles away, they are sure to benefit and compete with foreign importers of the finer cotton goods on better terms, more effectually and more efficiently than they would be in a position to do if the cultivation of the long staple cotton were discouraged as it is sought to be discouraged. What the cultivation of long staple cotton can possibly do for India will be seen from an example of what it has done for a small State about forty miles away from my place, the State of Rajpipla. About eleven years ago in Rajpipla, which was growing short staple gogari cotton, a very stringent

law was passed enforcing on the cultivators the growing of long staple, and it has been calculated that, within three or four years, Rajpipla doubled its wealth. I do not know what my Honourable friend, Mr. Mody, meant by saying that there are two opinions about encouraging long staple cotton in preference to the short staple cultivation. It is undoubted that cultivation of the long staple cotton would give a world market to Indian cotton, while the cultivation of the short staple cotton would restrict the market for Indian raw cotton to India, Japan and China, the three countries which produce cloth from short staple cotton. Would my Honourable friend prefer a world market for our long staple cotton, or would he prefer a restricted market for our short staple cotton? My Honourable friend has said that he has received telegrams. Very possibly he has: but if interested persons send him telegrams it is obvious that that should have absolutely no weight with Honourable Members of this House.

Then an economic argument was taken from the anonymous pamphlet of which I spoke in the morning, *viz.*, that economic science teaches that you must not tax raw commodities. In the first place, in actual practice, much of economic theory has to be subjected to practical considerations. Free trade England is now coming round to preferential tariffs, and I think the Fiscal Commission, so far as India is concerned, has recommended discriminatory protection for our industries, and the same economic science which teaches that you must not tax raw products, also teaches that a nascent industry must be protected. The long staple cotton industry is a nascent industry of India and therefore ought to be protected. As I told you in the morning, we have made very good progress in the production of long staple cotton, and if you want that progress to be continued, it is incumbent on this House in the interests of the country and the cotton cultivator, to see that the cotton cultivators receive the encouragement that is their due.

As I said, the criticism against this proposal for a cotton duty is an absolutely interested criticism. It is a sordid attempt of some so-called Indian patriots to rob the poor cotton cultivator of Guzerat, Punjab and other parts of the country of the little mercy which the Honourable the Finance Member has seen fit to extend to him, and I hope that this House will treat this attempt with the contempt it deserves.

The Honourable Sir George Rainy (Member for Commerce and Railways): I do not propose, Mr. President, to delay the House or to speak at any great length upon this question. But I was anxious to say a few words and to make my own position clear. I take it that the gravamen of the charge brought against Government over this duty is that it involves a departure from what is their declared policy that, as far as possible, the raw materials of industry should be admitted free of duty. In addition, my Honourable friend, the Mover, has drawn attention to what was said by the Textile Tariff Board in the year 1927 on the subject of increased spinning of the higher counts as being a very desirable development in the interests of the mills in Bombay particularly. Now, I do not suppose that any one of any school of economic thought would deny that cheap raw materials are a distinct stimulus to the development of industries, and that therefore it is an object which should always be kept in view by any sensible government or administration to avoid as far as possible increasing unnecessarily the cost of the raw materials of any

[Sir George Rainy.]

industry. I do not think there will be any dispute about that. But the real question is somewhat different. The real question, I think, is this—whether in certain circumstances this particular consideration may not have to give place to other considerations which, for the moment, are of greater importance and must determine the action which a government or a legislature may wisely take. The circumstances which have led to the proposed duty now under consideration are of course perfectly well known to every Member of the House. The Financial emergency is a very serious one. It is a time when all possible sources of increased revenue have to be explored; and since the imports of raw cotton went up substantially during the year 1930-31, and even to a greater extent during the first six months of the current year, that obviously suggested that here was a possible source of additional revenue which could not be ignored. But at that point two new questions arose. On the one hand we had to consider whether the effect of the duty might be prejudicial to the industry using that material to such an extent as to render the imposition of the duty undesirable, and on the other hand whether the duty might not have on other classes of the community such compensating advantages as might fairly be taken in the balance as against any injury inflicted on the cotton manufacturing industry. Now, my Honourable friend, Mr. Mody, has frankly admitted that, against any injury which he fears may result from the imposition of the duty, there are certain things to be set off on the other side. In the first place there is the increase in the duties on British goods from 15 to 25 per cent., and on non-British goods from 20 to 31½ per cent., and again there is the new duty on artificial silk. He went further and admitted that the new surcharge of 25 per cent. of the duty previously in force did

P.M.

in fact balance the new duty on raw cotton, though he was not prepared, however, to admit that it did more than balance it. I believe, Mr. President, I could put figures before my Honourable friend which would show that the surcharge on the particular classes of goods likely to be made entirely from imported cotton would rather more than counterbalance the effect of the additional duty. The calculation that I have made is based on a statement entitled "Annexure E" on page 277, of Vol. II of the Tariff Board's Report, and I think I am right in saying that it was a statement placed before the Board by the Millowners' Association of Bombay. According to that statement one hundred pounds of raw cotton are required to make a hundred pounds of cloth, and on that basis the cost of the raw material is compared with other costs. Now, as nearly as I can make out, using the figures in that statement, by the duty on raw cotton the cost of the cloth made from it would be increased to the extent of a little over 3 per cent., whereas the duty on similar cloth imported from abroad has gone up on the actual figures by 5 per cent.

Mr. H. P. Mody: Those are not my figures. I have worked them out too.

The Honourable Sir George Rainy: My Honourable friend has no doubt his own figures, I have had those I have given checked by another and independent method of calculation which leads to the same result, but I preferred to put before the House a calculation based on the figures supplied by the Millowners' Association itself. Therefore, on my showing, the industry is a little better off with the surcharge plus the duty on raw cotton in the manufacture of goods made from the finer counts than it

was before, and according to my Honourable friend's own theory, it is at any rate no worse off. Therefore, what it comes to is this, that what my friend has to complain of is, not that we have done anything to retard the increased manufacture of higher counts, but that by imposing the duty on raw cotton we have deprived him of the additional stimulus which he would have got from the surcharge if the duty on raw cotton had not been proposed. I think it is important to get clear about that; my friend is complaining not so much of an injury inflicted upon him but of the fact that he does not receive the advantage which he hoped he might receive.

Mr. H. P. Mody: What about the increased cost?

The Honourable Sir George Rainy: The next point I want to make is this. Whatever the position may be as regards the class of goods manufactured from long stapled cotton,—that is only a small part of the output of the cotton mill industry in India,—I think that any one who listened attentively to what my Honourable friend said in his speech would recognise that that was so, because I should like to acknowledge the moderation and temperance with which he stated his case. The very utmost that the industry could possibly complain of is, as I have said, that a desirable development would be unable to proceed quite so rapidly as in other circumstances perhaps it might have done. On the other hand, we have to set off the advantage to the cultivator. I do not propose to go into that in any detail but merely to say this. It does not in the least follow, because more than half of the cotton crop of India is exported and therefore no import duty can benefit the industry as a whole, it does not in the least follow that the duty may not be of very distinct benefit to a particular section of the cotton cultivators, and when my friend says that he presumes no one would say that the competition of imported cotton had kept down the price of Indian varieties, I would merely remind him of what my Honourable friend, the Finance Member, said on that subject that the effect of the duty, according to his information, had been to raise the prices of the Indian variety which, I think, comes to very much the same thing.

That really concludes what I wish to place before the House. This matter in regard to the question of this duty is one which I felt bound, associated as I have been on several occasions in this House with the removal of duty on raw materials for industries, to consider with the utmost care, and it did seem to me,—and this is the view I wish to urge upon the attention of the House,—that, taking the proposals of the Government as a whole, there was no substantial and real objection to this duty, because with the surcharge on the duty on manufactured goods, it did not seem to me that the industry would be substantially worse off than it was before, even in the particular classes of goods made from imported cotton, whereas it would be substantially better off in all the other classes of goods which it makes. In these circumstances, and the financial emergency being what it is, I have no hesitation in coming to the conclusion that this is perfectly proper proposal to make and one to which we are entitled to ask for the support of the House.

Mr. B. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhaddinadan Rural): Sir, I am glad that my Honourable friend, Sir George Rainy, has really clarified the issue, and by his exposition of this duty has explained the object that the Government have in view in making this proposal. I am very glad that he did not attempt

[Mr. R. K. Shanmukham Chetty.]

to make out a case that the imposition of this duty would in any material manner benefit the grower of Indian cotton. I am particularly glad of his speech for this reason, because many Honourable Members on this side of the House were inclined to support this duty solely on the ground that it would benefit the grower of cotton in India. Let us analyse the justification that my Honourable friend, the Leader of the House, attempted to give in support of this proposal. He says the Government wanted additional revenue. Therefore they looked into the figures relating to the import of various commodities; they discovered that the import of cotton into India had grown in recent years; and they therefore came to the conclusion that here was a possible source of revenue to the Government. I am glad that my Honourable friend made it perfectly clear that, so far as he was concerned, he based his justification on the ground that this duty will not do any positive harm to the Indian mill industry, and that, it would act as an offset to the protection which the textile industry gets as a result of the surcharge that has been proposed. Let my Honourable friends observe that like an honest Scotchman, my Honourable friend, the Leader of the House, did not in the least try to mislead the House and make them believe that the imposition of this duty will in any way benefit materially the grower of cotton in India.

The Honourable Sir George Rainy: I should rather prefer it if my Honourable friend would quote me in my own words. What I said was this. Although it might not benefit or could not benefit the industry as a whole, it did not follow that it would not benefit very appreciably particular parts of it or particular sections of it.

Mr. R. K. Shanmukham Chetty: My Honourable friend agrees that it will not benefit the grower of cotton in India as a whole, but that it might possibly be beneficial to a certain section of cotton growers in India. Well, Sir, I am prepared to join issue with him on that point. In this connection he told us that according to the information of the Honourable the Finance Member the imposition of this duty has raised the price of certain varieties and there again I would like to join issue with the Honourable the Finance Member if he still sticks to that opinion. It has been pointed out by my Honourable friend, Mr. Mody, that a great deal of the cotton imported into India, especially from Uganda and Egypt, is of a variety which is not grown in India. It clearly follows therefore, if that is a fact, and I maintain that it is a fact, that the imposition of duty on one class of commodity will not benefit another class of commodity which is entirely different from the one which is taxed. My Honourable friend, Mr. Mody, pointed out that a great deal of the cotton that is imported into India, practically the whole of the cotton that comes from Uganda and Egypt is cotton of a staple of one inch and over which I maintain is not grown to-day in any part of India.

(At this stage Mr. Anklesaria made some remark which was not audible at the Reporters' table.)

My Honourable friend, Mr. Anklesaria, who attributes motives to other people, is talking a good deal of nonsense when he says that that kind of cotton is grown in India. There is no use trying to mislead the House like that. If my Honourable friend can prove to me that in any part of India we grow to any appreciable extent cotton of the staple of one inch and more, then I am prepared to agree that I am wrong and my Honourable friend is right.

Mr. N. N. Anklesaria: I am prepared to take up the challenge. You will find the figures at page 14 of the Report of the Indian Central Cotton Committee of 1931. Broach cotton,—that is my place—produces one inch (Some Honourable Members: "Over one inch") and the amount is 350,000 bales

Mr. H. P. Mody: Is that over one inch or just one inch?

Mr. N. N. Anklesaria: One inch.

Mr. R. K. Shanmukham Chetty: I am glad that my Honourable friend gave those figures which will strengthen my argument. My Honourable friend says, according to the very good authority that he has quoted, that the quantity of cotton of one inch staple grown in India is 350,000 bales

Mr. N. N. Anklesaria: My Honourable friend interrupted me when I was giving the figures. Punjab and Sind-Americans—the Punjab produces over one inch — $1\frac{1}{8}$ inches—450,000 bales. That is over one inch.

Mr. R. K. Shanmukham Chetty: The total quantity of cotton produced in India is over 6 million bales, and out of these 6 million bales, the amount of cotton of staple one inch—I will take exactly one inch—grown in India is 350,000 bales.

Mr. N. N. Anklesaria: No, no. You are mistaken.

Mr. R. K. Shanmukham Chetty: My point is, to spin finer counts of yarn, that is, counts of 40s warp and over, we require the Uganda and Egyptian cotton, the like of which is certainly not grown in any part of India. I contend that, though we in our own part of the country grow a very good variety of cotton, called the Cambodia cotton, though we have got a very good variety of cotton which comes from my Honourable friend's constituency, from Navsari, and though we have got another good variety of cotton called the Punjab American and Sind American, still the fact remains, and it is elementary knowledge to any cotton spinner, that no Indian cotton can spin any counts of over 40 warp. I am sure that my Honourable friends in this House cannot challenge that statement. If that is a fact, then it follows that for the quality of cotton necessary to spin counts of over 40 we have to import cotton from abroad and that cotton we get from Uganda and Egypt. It might be that the imposition of this duty may in the remote or the near future help the cultivator of this long-stapled variety. But simply on the possibility that in some remote future long stapled cotton can be grown in India, is this House prepared to tax a raw produce which is essential for the spinning of the finer counts of yarn in India?

Seth Haji Abdoola Haroon: We have already given protection to many industries in India. (An Honourable Member: "Non-existing industries".)

Mr. R. K. Shanmukham Chetty: It is a different argument. If really anything can be done in India to encourage the growth of long stapled cotton of the Uganda and Egyptian variety, then I for my part would be prepared to levy an import duty on cotton, not merely of half an anna per pound, but if it comes to that, even five annas per pound. But before the Government takes the serious step of taxing a raw produce, which

[Mr. R. K. Shanmukham Chetty.]

is essential for the spinning of certain counts, they must take expert advice on the matter. I contend that a body like the Indian Central Cotton Committee is such an expert body. I have been told that some time back the Indian Central Cotton Committee expressed its opinion that in India it is not possible in the Indian soil to grow to any appreciable extent cotton of the type that comes from Uganda and Egypt . .

Mr. N. N. Anklesaria: Why should we waste lots of money in encouraging the cultivation of the long staple?

Mr. R. K. Shanmukham Chetty: I therefore contend that the cotton which is imported into India being of a type which is not grown in this country, a tax on such a commodity will not by any stretch of imagination benefit the grower of cotton in India. Therefore, let my Honourable friends be absolutely clear on this point. If they are voting for this motion in the belief that it will in any way increase the price of Indian cotton, then they are entirely in the wrong. My Honourable friend the Finance Member mentioned the other day that according to his information there was a rise in the prices of Indian varieties. Now, the only way in which the effect of this duty can be judged is to find out whether the premium paid on Navsari and Cambodia cotton has been increased after the imposition of this duty.

Seth Haji Abdoola Haroon: The Punjab and Sind-Americans have increased by Rs. 1-8-0 to Rs. 2.

Mr. R. K. Shanmukham Chetty: I would like to have from my Honourable friend some figures to show whether the premium given to Navsari and Cambodia cotton, which are really two varieties of long stapled cotton, has been increased after the imposition of this duty, and if that cannot be proved, my argument stands that the imposition of this duty does not in the least benefit the Indian grower. Sir, that argument therefore can be left aside.

My Honourable friend, Mr. Mody, proved that the imposition of this duty would detrimentally affect the Indian textile industry. He quoted the Tariff Board's recommendation asking the Indian mill industry in Bombay and Ahmedabad to spin finer counts of yarn. He has also pointed out that as a result of the import in greater quantities of this finer type of cotton and as a result of the textile industry in Bombay and Ahmedabad taking the advice of the Tariff Board, the spinning of counts of 40s and over has increased from 23 millions in 1927-28 to nearly 60 millions in 1930-31. For the last three months of the current year alone the amount of yarn spun of 40s and over is 19 million pounds, which means there will be 76 million pounds for the year. From this my Honourable friends can judge that the Indian textile industry has very greatly benefited by the use of cotton from Uganda and Egypt and has successfully competed with Lancashire in the manufacture of finer counts of yarn and finer types of cloth.

Apart from this there is one other consideration which I would ask my Honourable friends to bear in mind. My Honourable friend, Mr. Anklesaria, repeatedly referred to an anonymous pamphlet. If my Honourable friend will look into his pamphlet, he will find it is not anonymous but that it is published by the East African Indian Merchants' Association. The imposition of this duty, apart from affecting the Indian textile industry, and apart from the fact that it will not benefit the Indian cotton grower, will have the effect of injuring the interests of the Indian settlers in an-

other part of the Empire. My Honourable friend, Sir George Schuster, himself very well knows the conditions in East Africa and he knows perfectly well that the ginneries in Uganda are mainly controlled by Indian merchants there. In this pamphlet it is mentioned that out of a total of 193 ginneries, Indians own 150 ginneries. Naturally when their own mother country uses this variety of cotton, it gives a great encouragement to the Indian settlers in Uganda, and the result of that is very patent. In 1928, Uganda exported 95 per cent. of its cotton to India, 9 per cent. to Japan and 56 per cent. to the United Kingdom, and to-day what is the position? In 1930, Uganda sent out 80 per cent. of its cotton to India, only 5 per cent. to Japan and only 7 per cent. to the United Kingdom. It is clear from this that our countrymen, who are settled in Uganda and who have got control of the cotton trade of the country, have now prospered as a result of the Indian mills using this variety of cotton. I ask whether in addition to giving a blow to your own textile industry, in addition to the fact that you are not helping the Indian agriculturist, you are going to strike a blow at your own countrymen who are settled in another part of the Empire. Look at this from any point of view. This duty cannot in the least be justified. The real justification of this duty is contained in the speech of my Honourable friend, Sir George Rainy. It offsets the advantage that the Indian textile industry gets as a result of the surcharge on the textile duties. That, Sir, translated in other words would mean that it wants to place Lancashire in a better position to compete with India in spite of the imposition of the surcharge. That, Sir, is the real position. The other day I quoted the authority of the Secretary of State for India in support of this contention. It may be that my Honourable friend, the Finance Member, was not actuated by this motive, but certainly every one can see that this is the direct result of this proposal. I would ask my Honourable friends not to be under any misapprehension about the effects of this duty and to walk with us into the lobby in rejecting this proposal.

Mr. Arthur Moore (Bengal European): Sir, I had no intention of intervening in this debate because I have no particular enthusiasm for the tax, though I was prepared to vote for it because the Finance Member wants it for revenue purposes. But listening to the debate with a sufficiently open mind, I could not help coming to the conclusion that the cultivator is not getting a fair deal from the Opposition. I would first like to mention one broad ground of their arguments, that while you may have tariffs on manufactured goods, you must not have a tariff on raw material. That doctrine which has been taught by urban economists and is being acted upon by urban legislatures all over the world, is one of the most dangerous factors in world unrest, and is likely more than anything else in the end to provoke world revolution. In every country you are getting increasing opposition between town and country. I do not say that tariffs are right. I do not say that tariffs can be justified unless they ultimately lead to freer trade, but I am quite sure that if the cities of the world and the manufacturing industries of the world are going to take the line that they are entitled to protection for their goods, but that those who produce the raw material out of the soil are not to be entitled to protection and if they are going continually to depress those people, who are the very people who should in the end be their best market and buy their goods, then they are all over the world increasing difficulties and producing an economic sore.

Mr. H. P. Moty: The whole question is—are they protected?

Mr. Arthur Moore: The doctrine itself is unsound. Now, Mr. Chetty, if I may say so, took a very aggressive line with Mr. Anklesaria and he suggested that he was talking nonsense when he said that long staple cotton was grown in India.

Mr. R. K. Shanmukham Chetty: Long staple cotton of the type of Uganda and Egyptian cotton.

Mr. Arthur Moore: If I may say so, that was a postscript. We heard first of all of "one inch and over". Then we heard that it must be confined to over one inch. I think that Mr. Anklesaria successfully proved not only that there was quite an important outturn of cotton of the staple of one inch, but he also proved that there was some cotton of more than one inch. And yet my friend, Mr. Chetty, did not withdraw, though I think that the House realised that Mr. Anklesaria had made his point. But there is another argument of Mr. Chetty's which seemed to me, if I may say so, fundamentally unsound and directly contradictory of another argument that I have very often heard from that quarter of the House. He assumed that because you could not possibly grow cotton in India of the same quality as Uganda and Egyptian cotton, therefore there could be no competition. Well, that seemed to me to be a very curious argument. Have we not often been told that if you make the good article dearer, people will be compelled to content themselves with a slightly inferior grade? Has Mr. Chetty ever heard of that argument?

Mr. H. P. Mody: But if you want a horse, you cannot do with a mule. (Laughter.)

Mr. Arthur Moore: Mr. Mody's suggestion that there is no border line between the high and the low counts is one we can hardly accept. Of course I do not profess to be an expert like Mr. Mody when he says that the high counts only begin at 40. We are now asked to believe that unless people can get—is it 40, or is it over 40?—unless people can get over 40, they won't be content with 40, and they won't be content with anything near 40. Mr. Chetty's argument is that the line is absolute and that the question of price will not enter into it, or so I understood him. He argues that there is no competition possible, that people will take the Uganda and the Egyptian cotton and that they are quite disinterested as regards the price. Well, I do not think that that argument holds water, and Mr. Chetty glosses over the fundamental fact that, by this Budget, cotton is getting, for revenue purposes, the benefit of a fresh tariff. The surcharge is a windfall to the millowners, after we have seen—as Mr. Mody frankly admitted—a great many blessings showered on them already by Government. Well, that is a part of the admitted policy of India, of discriminating protection in order to protect Indian industries. This is not the place to reopen the question of the cotton duties. We must accept that. But, when they get a lucky windfall, when the Finance Member, for his own purposes, is compelled to go even better,—shall I say?—than the wildest dreams of Bombay's avarice, and to give them an unexpected tariff, I wonder that they have, shall I say the courage or the nerve, to come to us and say that, although it is quite true that they are getting this extra benefit, there is also in the budget one little flaw which makes it not as much of an extra benefit as it might have been. Therefore, they think that that other particular little stroke of revenue which the Finance Member was also proposing to impose for himself must be deleted, and even the argument that somebody else, namely the cultivator, may also be allowed to benefit from a tariff windfall which has come to him by accident, they brush aside. (Applause.)

Sir Abdur Rahim: Sir, a great deal of controversy has raged round this proposal in the Finance Bill, but it seems to me that there is no foundation for the suggestion that this duty is intended to protect the cultivator of cotton in India. I am not familiar with the facts regarding the long and the short staple cotton, but this much is clear that the cultivators of cotton have not asked for protection, so far as this House has been informed. If the cotton growers in India needed protection and had asked for it, then I could understand that there was a case in support of which my Honourable friend, Mr. Arthur Moore, has spoken, but no such protection has been asked for.

Mr. Arthur Moore: I admitted that it was a revenue tax.

Sir Abdur Rahim: That is exactly the point I am making. It is a pure and simple revenue tax.

Sardar Bahadur Captain Hira Singh Brar (Nominated Non-Official): May I inform the Honourable Member that in the Montgomery District in the Punjab we are growing various lengths of staple cotton. . . .

Dr. Ziauddin Ahmad: Up to two inches?

Sardar Bahadur Captain Hira Singh Brar: I think so. But may I inform the Honourable Member that it was never tried and therefore cotton of that kind could not grow. If it is a paying concern, we could of course grow that cotton as well.

Sir Abdur Rahim: My point is this, Sir, that it is a purely revenue measure, it is admittedly a revenue measure, and there is no question of protection of growers of cotton in India. If there had been any need for any such protection being given, one could understand it. In that event a case could have been made out, an application would have been made to the Government, and I suppose the matter in the usual course would have been inquired into by the Tariff Board, but no such application has ever been made. That brings us to the position that we must treat it entirely as a revenue matter and not as a duty intended for the protection of the cotton growers in India. I take it, therefore, that the case which my Honourable friend, Mr. Chetty, sought to make out has been made out; that is to say, there is no need for protection of the cotton-growing cultivators at all. We must look at it merely as a revenue measure, and judging it in that light, we have got also to consider whether such a measure is likely to injure the interests of the manufacturers or not. There can be no doubt whatever that there is a large industry which will be very much crippled if this duty is imposed, nor can there be any doubt in the mind of any person in this House that, to that extent, in that proportion, manufacturers outside India will be benefited; and, as Mr. Chetty has rightly pointed out, our own countrymen in East Africa and Uganda, who are growing this class of cotton, will be very much handicapped; their industry will be crippled. On the other hand, there is nothing to show that any class of cultivators in India itself will be in any way injured.

Mr. C. S. Ranga Iyer: Sir, like the Leader of the European Group, I also had no intention of speaking either; and if I speak now, it is only because the Leader of the European Group thought it necessary to controvert some of the arguments of my Honourable friend, the Deputy President. Sir, it is a merciful thing occasionally to find the Leader of

[Mr. C. S. Ranga Iyer.]

the European Group emerging as the guardian of the depressed classes (Laughter). Sir, 40 years ago, and very frequently in the beginning of this century, the European Groups, in and out of the Legislative Councils, spoke of the educated classes as "a microscopic minority"—a phrase which we have not been hearing for some time. They were then, Sir, the self-appointed guardians of the villagers and cultivators of this poor country. When, therefore, the Honourable the Leader of the European Group sought to pose as the greater supporter of the cultivators in this country than ourselves, and charged us with not having the interests of the cultivators at our heart, I thought, Sir, he was treading not on rather familiar ground, but rather slippery ground. Sir, some of us represent here in this House the interests of the cultivators. I myself represent a rural constituency, and on this side of the House there are many representatives of rural constituencies. Most of the Honourable gentlemen on this side of the House represent the cultivators: and when the Honourable the Leader of the European Group, who does not represent the cultivators but represents an interest which is not the "interest" of the cultivators (*A Voice*: "Inimical to the interests of the cultivators".)—my Honourable friend, Mr. Gaya Prasad Singh, whispers to me the words "inimical to the interests of the cultivators"—I do not put it so strongly, I say it is not the interest of the cultivators,—when he comes and tells us that we are not at all thinking of the cultivators I can only say that his argument is very weak, because he is going against well-known facts. Sir, how are we striking against the cultivators? He has said that my Honourable friend, Mr. Anklesaria, had made such a wonderful case, apparently not so much by his speech but by his ejaculation when Mr. Chetty was speaking. As a matter of fact, the interruption of my esteemed friend was in the first place not sufficiently audible and in the second place not necessarily lengthy. He was perfectly aware that Mr. Chetty was in possession of the House, and the gentleman that he is who interrupts the least except where necessary, the proper parliamentary interruptor, I do not blame him if he could not make out a case, and he cannot be very happy over the case that the Honourable the Leader of the European Group tried to make for him. It was a case, Sir, of one feeling sometimes, "Save me from my friend". Sir, what did the Honourable the Leader of the European Group say at last? It would seem as if the long staple cotton is grown in this country as much as wheat and rice. It would seem as if there were cultivators of long staple cotton from the Punjab to Cape Comorin, and therefore Mr. Chetty was standing up as an enemy of these cultivators of long staple cotton; he was not a patriot; he had no business to say what he said. But if only he had listened to my friend, the Deputy President, he would have known that my friend to my right very clearly showed in his closely reasoned speech,—and his speeches are always closely reasoned,—he very clearly indicated that he would put a prohibitive duty if it was necessary on foreign long staple cotton imported into this country, if there was sufficient long staple cotton grown in this country. The point is that the Honourable the Leader of the European Group did not listen to his speech but relied on the interruption on which he tried to build a speech. That is not a safe way of argument, and if this tariff wall, however low it may be, is raised to-day, it does not help the cultivator of long staple cotton in India, but it helps the competitor across the seas, of the indigenous millowner and manufacturer. Sir, let us not get away from the fact that the competition between India and foreign countries importing articles of fine counts is a

real competition. We are at a great disadvantage in this country in regard to the growth of the long staple cotton. England and other manufacturing countries, including the United States of America, are at a great advantage as compared to us. So far as England is concerned, England imports duty free the Egyptian cotton, whereas in India, under the new dispensation of the Honourable the Finance Member, cotton from Egypt is not to be imported under the same conditions under which it is imported into England. Sir, as a matter of fact, any one who read the Finance Member's Budget proposals might have thought at first sight that he was trying to put India under an advantage by his surcharge duties on imported cotton goods, but unfortunately, what he seemed to give with one hand, he was taking away with the other. For, we are not getting the advantage. It is neutralised by this additional import duty on cotton that our manufacturers get from Uganda and Egypt. The import duty of half an anna per pound, as shown by my friend, the Deputy President, works out as equivalent to Rs. 24-8-0 per candy. Sir, I would ask the Honourable the Finance Member not to put on this additional duty, because it is not the cultivator who is helped but it is the employer and the employee who are hindered. The Honourable the Leader of the European Group was talking of world unrest and world revolution. Sir, I do not think in terms of the world. Not having the great universal vision of the Honourable the Leader of the European Group, I think of my country. Perhaps patriotism is narrow as compared with universalism. I would rather think of Indian unrest, though I do not like to use the word Indian revolution. I do not see it and what I do not see I will not say. There is Indian unrest, and if from an economic point of view, we are to examine the question,—the economic point of view seemed to weigh with the Honourable the Leader of the European Group,—if the economic point of view is to be a real consideration no one will contribute to the increase of unemployment in this country. No one will contribute to add to the difficulties of the millowners. After all, imagine how many cultivators go and work in the mills? How many children of the cultivators are working in the mills? Our workers in the mills are drawn from the country, and therefore, if only the Honourable the Leader of the European Group had really the interests of the country people at heart, he would most certainly not have accused Members on this side of the House of not having the interests of the children of the cultivators at heart. Sir, the Honourable the Leader of the Independent Party has already replied to other aspects of the speech of the Honourable the Leader of the European Group. I will only say that I would expect him on occasions like this not to cast an unnecessary reflection on the representative character of the Opposition, which under the Montagu constitution represents large rural areas. If he reads the Montagu Report, he will find that Mr. Montagu deliberately disturbed "the placid, pathetic contentment" of the masses.

Mr. Nabakumar Sing Dudhoria (Calcutta Suburbs: Non-Muhammadan Urban): Sir, before I set forth the grounds for which I support the amendment, I feel it my duty to bring to the notice of the Chair that the Bill which has been placed in our hands is more or less of a puzzle to me, as it is so confusedly drafted that I have much difficulty in understanding all its provisions. There was ample scope for making the Bill clearer and better arranged. The intentions underlying the provisions of the Bill might have been perfectly clear to my lawyer friends in the House, but to an ordinary layman like myself they have proved a great stumbling-block all along.

[Mr. Nabakumar Sing Dudhoria.]

Now, to come to my point, although it has been claimed that the import duty on foreign cotton is intended to protect the Indian growers, it is very difficult to support that contention, because out of a total production of 70 lakhs of bales, India hardly consumes 35 lakhs of bales and the balance has to be exported. The price which the entire cotton crop can, therefore, secure is the price that is realised in world markets for its exportable surplus. This elementary principle of economics readily follows from the fact that cotton cannot have two prices, one for home consumption and the other for export in one and the same country. Navasari in the Bombay Presidency is the only place, so far as my information goes, which grows the best cotton in India, but the best Navasari variety cannot spin over 30 counts. I am not aware of any other place where similar or better quality of cotton is or can be grown for commercial purposes. So until the Government bring forward more and fresh facts and figures showing the extent of long staple cotton crop in India, or particular tracts which are congenial as regards soil, situation and climate for the growth of such kind of cotton, I shall have to take it for granted that the longer staple cotton of the Egyptian or East African variety cannot be largely grown in this country.

Next, Sir, such a tax on a raw material is more the exception than the rule in all civilised manufacturing countries in the world. Both the Indian Fiscal Commission and the Taxation Enquiry Committee have laid it down in unmistakable terms that taxes on raw materials required for local manufactures should be wholly discouraged. Again, Sir, I have great difficulty in reading aright the possible implications of the new duty unless it be an indirect attempt to afford a bounty to Lancashire. Perhaps it has been found that the free influx of finer quality of cotton from East Africa has enabled the Indian mills to turn out finer counts, which were so long the special province of Lancashire. It is popularly thought that by imposing this import duty on raw cotton the Government on the pretext of securing some additional revenue, was handicapping the Indian textile industry with a view to enable Lancashire to secure cheaper cotton. Therefore the new duty is not calculated to assist the Indian growers, though at first sight it may appear to do so; it is calculated to impose an unnecessary handicap on a growing Indian industry and afford indirectly an undeserved support to Lancashire. In view of these considerations, Sir, I beg to support this amendment.

(Sir Hari Singh Gour and Mr. T. N. Ramakrishna Reddy rose to speak.)

Mr. President: Are you likely to be long, Sir Hari Singh?

Sir Hari Singh Gour: I do not think I shall finish by 5 o'clock.

Mr. President: Are there many speakers who still want to take part in the debate?

Some Honourable Members: Yes.

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

The Assembly then adjourned till Eleven of the Clock on Friday, the 13th November, 1931.