

18th March 1939

THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume III, 1939

(14th March to 28th March, 1939)

NINTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1939



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LEGISLATIVE ASSEMBLY.

Saturday, 18th March, 1939.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

MEMBER SWORN.

Mr. Tinnevelly Sellamier Sankara Aiyar, C.I.E., M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

TRANSFER OF CERTAIN BRITISH UNITS OF THE INDIAN ARMY TO GREAT BRITAIN.

1141. *Mr. T. S. Avinashilingam Chettiar: Will the Defence Secretary state:

- (a) at what stage the negotiation with the British Government is for the transfer of some more British units of the Indian Army to Britain;
- (b) whether any conclusions have been reached; and
- (c) if so, to what effect?

Mr. O. M. G. Ogilvie: (a), (b) and (c). I am not in a position to make any statement on this subject at present.

Mr. T. S. Avinashilingam Chettiar: May I know when they expect to make a statement on this matter?

Mr. O. M. G. Ogilvie: I am afraid I cannot forecast that.

Mr. S. Satyamurti: May I know whether the provision in the budget this year for the defence estimates contemplates any possibility of the transfer during the financial year of the cost of any British troops in the Indian Army to the British exchequer?

Mr. O. M. G. Ogilvie: Nothing definite has as yet been decided. The budget deals only with things that are definitely known or can be definitely forecasted.

Mr. T. S. Avinashilingam Chettiar: May I know whether this matter has been taken up separately with the British Government or along with the Chatfield Committee's Report?

Mr. C. M. G. Ogilvie: No. All these negotiations are joint.

Mr. Manu Subedar: May I know whether, since the answer was given by Mr. Hore-Belisha in Parliament that there was a possibility of further withdrawing troops from India, any troops have been removed from India?

Mr. C. M. G. Ogilvie: I explained this matter at considerable length in this House only a short time ago and it was to the effect that the establishment of British battalions in the United Kingdom had been reduced consequent upon the introduction of mechanisation, and the Secretary of State for War said that similar reductions might take place in India.

Mr. Manu Subedar: Does that mean that the number of battalions would be reduced?

Mr. C. M. G. Ogilvie: No; by no means. It means that the number of soldiers in a battalion would be reduced.

REPORT OF THE CHATFIELD COMMITTEE.

1142. *Mr. T. S. Avinashilingam Chettiar: Will the Defence Secretary state:

- (a) whether the consideration of the Chatfield Committee Report is finished;
- (b) if so, what are the recommendations accepted by Government; and
- (c) what is the financial effect of the acceptance of those recommendations?

Mr. C. M. G. Ogilvie: (a) I refer the Honourable Member to the reply I gave to parts (a) and (b) of starred question No. 740 asked by Mr. Satyamurti on the 27th February, 1939.

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

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have had official information of the report of the Committee's recommendations?

Mr. C. M. G. Ogilvie: No. The situation is precisely that already explained by me. There has been no change.

BOMBING RESORTED TO IN BRITISH INDIA IN AID OF CIVIL POWER.

1143. *Mr. Abdul Qaiyum: Will the Defence Secretary please state whether air action like bombing has ever been resorted to in British India against British subjects in aid of the civil power?

The Honourable Sir Reginald Maxwell: No.

Mr. Abdul Qaiyum: May I know if the Honourable Member has read this morning's newspapers that air bombing is taking place within the British territory in Kohat District?

The Honourable Sir Reginald Maxwell: No. I have not seen that.

Mr. Abdul Qaiyum: May I know if the term "British India" includes the area which is occupied by the tribes?

Mr. President (The Honourable Sir Abdur Rahim): That is really going too far from the question.

Mr. Abdul Qaiyum: I want to know the policy with regard to that area: the other day the Honourable the Foreign Secretary made a statement that it was part of India. I, therefore, want to pursue the question.

Mr. President (The Honourable Sir Abdur Rahim): It is for the Honourable Member to draw his own inference.

Mr. Abdul Qaiyum: I want a pronouncement from the Government Members on the subject.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has got the answer that there has been no such bombing.

ESTABLISHMENT OF AERODROMES AT JORHAT AND DIBRUGARH FOR CIVIL AVIATION PURPOSES.

1144. *Mr. Kuladhar Ohaliha: Will the Defence Secretary please state:

- (a) whether Government are aware that there are numerous factories in the upper districts of Assam and are liable to be bombed from across the North-East Frontier; and
- (b) whether suitable aerodromes are proposed to be established at Jorhat and Dibrugarh for civil aviation purposes and whether Government propose to subsidise such enterprise, if undertaken, by private organisations?

The Honourable Sir Reginald Maxwell: (a) I would refer the Honourable Member to the replies which I gave on the 9th February, 1939, to Sardar Mangal Singh's starred question No. 242 and the supplementary questions which arose therefrom. The liability to air attacks of factories in Assam has been considered as part of the general question of the liability of India as a whole to such attacks.

(b) This part of the question should be addressed to the Honourable Member in charge of Communications.

Maulvi Abdur Rasheed Chaudhury: May I know what precautions Government have taken to protect factories in Assam from bombing?

The Honourable Sir Reginald Maxwell: That is a part of the air precautions scheme for which the Provincial Government is responsible.

Mr. Kuladhar Ohaliha: May I know what is the nearest aircraft station from Assam?

The Honourable Sir Reginald Maxwell: I should require notice of that.

**REDUCTION IN THE NUMBER OF STANDING COMMITTEES IN LAHORE
CANTONMENT BOARD.**

1145. *Mr. Abdul Qaiyum: (a) Will the Defence Secretary please state whether it is a fact that the number of standing committees was reduced from four to two by the official majority in the Lahore Cantonment Board?

(b) Is it also a fact that the representation of the elected members in one of the two standing committees, namely, the General Committee, was reduced from two to one, whereas the number of official nominated members was increased from two to three?

(c) Is it also a fact that the official President moved that out of the three elected members on two standing committees, the opposition party of five elected members should get only one seat and that the other two out of the three elected seats should be given to two independent members who are not in opposition to the nominated bloc?

(d) Is it a fact that on this decision of the official President, supported by the official majority, the elected members walked out of the house?

(e) Is it also a fact that the opposition do not accept any seat on these Committees?

(f) What steps do Government propose to take in the matter?

Mr. O. M. G. Ogilvie: (a) No. The number of the committees excluding the Bazar Committee appointed by the Cantonment Board, Lahore, was reduced from five (not four) to two by a unanimous resolution of the Board including all seven elected members.

(b) Yes, but the number of elected members has since been raised to two.

(c) No.

(d) Government understand that only four out of seven elected members walked out but this had nothing to do with the alleged motion of the President referred to in part (c) of the question.

(e) Four elected members have declined to serve on the committees and the seats have been filled from the remaining three elected members.

(f) Government see no reason to interfere in the discretion of the Board.

Mr. Abdul Qaiyum: What is the number of nominated official members on this Board?

Mr. O. M. G. Ogilvie: I should require notice of that.

Mr. Abdul Qaiyum: What is the number of the independent members?

Mr. O. M. G. Ogilvie: There are seven elected members: I do not know whether they are graded according to independence or not.

Mr. Abdul Qaiyum: Is it not a fact that those five persons have been given one seat while the other two have also been treated in the same way?

Mr. C. M. G. Ogilvie: I do not know what the Honourable Member is referring to. There are seven elected members and they have been considered by the Board as one body, and not two bodies.

Mr. Abdul Qaiyum: May I know what is the number of elected and nominated members on these standing committees?

Mr. C. M. G. Ogilvie: The Finance Committee consists of two nominated and two elected members: the General Committee, of three nominated and two elected members.

BAN ON THE RETURN OF RAJA MAHENDRA PRATAP TO INDIA.

1146. *Mr. Sri Prakasa: Will the Honourable the Home Member state :

- (a) if it is a fact that Raja Mahendra Pratap has sent a letter to Government from Tokyo, asking for permission to re-enter India and giving the assurance that he would remain strictly within the law of the land; and
- (b) if Government have considered the matter and, if so, what decision they have taken on it?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) The matter is under consideration.

Mr. Sri Prakasa: When do Government expect to finish consideration of this question?

The Honourable Sir Reginald Maxwell: Not for a considerable time.

Mr. S. Satyamurti: Why has this been hanging fire for so many years? Ever since I came to this Assembly, I have been hearing that the matter is being considered!

The Honourable Sir Reginald Maxwell: Yes. I have given very careful consideration to the matter recently and my conclusion is that I am not able to arrive at a final decision for some considerable period.

Mr. S. Satyamurti: May I take it it means that Government persist in their decision not to allow this gentleman to come back, and they have come to that conclusion?

The Honourable Sir Reginald Maxwell: That is the position for the present.

Mr. Sri Prakasa: In view of the fact that the United Provinces Government is taking responsibility for this gentleman, what objection have Government to allow this gentleman to come in the country and then transfer him to the United Provinces?

The Honourable Sir Reginald Maxwell: The Government have their own information on the subject and they consider that they should wait for some time before they can arrive at a definite conclusion on the subject.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have consulted the United Provinces Government over this matter?

The Honourable Sir Reginald Maxwell: No; the United Provinces Government have consulted us.

Mr. Sri Prakasa: Have the Government of India replied to the representation of the United Provinces Government in this behalf?

The Honourable Sir Reginald Maxwell: I would require notice of that.

Mr. Abdul Qaiyum: Did the Government of the United Provinces write to the Government of India pressing for the removal of the restrictions?

The Honourable Sir Reginald Maxwell: The contents of the United Provinces Government's letter are confidential, and I am unable to quote them in the House.

Mr. Abdul Qaiyum: Then, how did the Honourable Member say that the Government of the United Provinces and his Government agreed on this point.

The Honourable Sir Reginald Maxwell: I did not say that.

Mr. S. Satyamurti: May I know, Sir, if the attention of the Government of India has been drawn to a statement made by Pandit Govind Ballabh Pant, Premier, in the United Provinces Assembly, that they have approached the Government of India in regard to the question of Raja Mahendra Pratap's return to India?

The Honourable Sir Reginald Maxwell: I have some recollection of a statement of that character, but I don't remember the exact words of it.

FORM ISSUED BY THE INCOME-TAX OFFICER AT BENARES ASKING FOR TOTAL WEALTH OF ASSESSEES.

1147. *Mr. Sri Prakasa: With reference to his reply to starred question No. 395 on the 14th February 1939, will the Honourable the Finance Member state:

- (a) if his attention has been drawn to the form issued by the Income-tax Officer at Benares asking for the total wealth of certain assesseees;
- (b) if the jewellery belonging to the ladies of the family has also to be detailed;
- (c) if any representation has been received by him from Benares protesting against this demand; and if so, what reply has been sent;
- (d) if this demand has been made only in Benares or elsewhere also; and if the latter, in how many places;
- (e) the number of persons who have been served with a notice of this nature; and
- (f) if any officers of Government have also been served with a similar notice?

The Honourable Sir James Grigg: (a), (b) and (d) to (f). The information is required for the purpose of determining or verifying the total income of the assessee. It is not called for in all or even in a large number of cases, and I have no doubt that Income-tax Officers are exercising due discretion in the matter. The practice of asking for information of this nature is not confined to Benares but I cannot say, without calling for elaborate returns, in how many places or in how many cases the practice has been followed.

(c) Yes. The matter has been referred to the Commissioner of Income-tax, Central and United Provinces, who will no doubt satisfy himself that the information is called for only in appropriate cases.

Mr. Sri Prakasa: What was the reply to part (f) of the question, Sir?

The Honourable Sir James Grigg: I think it was covered by my general answer. The practice of asking for information of this nature is not confined to Benares, but I cannot say that without calling for elaborate returns in how many places or in how many cases the practice has been followed.

Mr. Sri Prakasa: Will the Honourable Member please inquire from the Benares office as to whether they have issued any such notice to Government officials?

The Honourable Sir James Grigg: No, I won't.

Mr. Sri Prakasa: Has the Honourable Member satisfied himself that the calling for this information is covered by the sections that he quoted in his last reply?

The Honourable Sir James Grigg: Yes, I am quite satisfied about it.

Mr. T. S. Avinashilingam Chettiar: With reference to part (b) of the question, is that information necessary for the purposes of the administration of the Income-tax Act?

The Honourable Sir James Grigg: Yes.

Mr. T. S. Avinashilingam Chettiar: That will not bring in any more income.

The Honourable Sir James Grigg: It may be for the allocation of past income which may have been concealed.

Mr. S. Satyamurti: Is any distinction observed in the income-tax offices, either by rule or by any convention, between Government officers and other income earners in regard to this matter?

The Honourable Sir James Grigg: That does not arise out of this.

Mr. S. Satyamurti: Yes, it does, because clause (f) of the question asks if any officers of Government have also been served with a similar notice?

The Honourable Sir James Grigg: The Honourable Member asked a general question whether there was any discrimination made between Government officers and others in matters of general income-tax administration,

which is a very wide question, and obviously as Government officers have their income-tax deducted at source, that is one question of discrimination to the disadvantage of Government officers. If he means to ask whether Government officers get special concessions in the matter of income-tax, the answer is No.

Mr. S. Satyamurti: In regard to the information which is asked, may I know whether there is any practice or convention in income-tax offices in favour of Government officers not being called upon to give such information as other assesseees are called upon to give?

The Honourable Sir James Grigg: No, Sir.

Mr. K. Santhanam: May I know, Sir if any assessee refuses to supply this information, will his other returns be vitiated?

The Honourable Sir James Grigg: I think the Honourable Member should put down a question. It is a legal point which I cannot answer off-hand.

Mr. Sri Prakasa: Will the Honourable Member investigate and examine the matter afresh and see that the calling for such information is not really covered by the sections to which he referred in his last reply?

The Honourable Sir James Grigg: No, I won't.

TAKING OF CENSUS IN 1941.

1148. *Mr. S. Satyamurti: Will the Honourable the Home Member please state:

- (a) the stage at which preparation for the 1941 census now stand;
- (b) whether all the Provinces have agreed to co-operate with the Government of India in respect of this census;
- (c) whether this census will be conducted without any detailed questions about caste and such other details;
- (d) what is the proposed cost of the census;
- (e) whether the questions to be answered by individuals have been framed already; and
- (f) whether the public opinion would be invited on these questions before they are finally settled, or at the time of the census?

The Honourable Sir Reginald Maxwell: (a) and (c). I refer the Honourable Member to the replies which I gave on the 15th March, 1939, to part (a) of Mr. Sham Lal's starred question No. 1048 and part (b) of Mr. Manu Subedar's starred question No. 1046.

(b) Yes.

(d) It is expected that the cost will be approximately Rs. 50 lakhs.

(e) No.

(f) It should ordinarily be sufficient to consult Provincial Governments which will no doubt be in touch with public opinion.

Mr. N. M. Joshi: May I know, Sir, whether the Government of India will appoint a Committee to consider the nature of the information which is to be obtained through the census as to whether some table should be added to or omitted?

The Honourable Sir Reginald Maxwell: That is a suggestion, but I consider it quite unnecessary since these questions are framed in consultation with the Provincial Governments.

Mr. S. Satyamurti: With reference to part (c) of the question, my friend referred me to the previous answer, but may I know whether the Provincial Governments have been specifically requested to give their opinions to the Government of India with regard to information about caste and such other details, and whether they have also been asked to consult public opinion before they give their advice to the Government of India, as to the need for continuing the information about these details?

The Honourable Sir Reginald Maxwell: I think they will certainly be consulted specifically about the information which is required to be collected in the census, but I don't see why it should be necessary to make any suggestion to them about consulting public opinion. Presumably they would themselves take any steps that they thought necessary in that way.

Mr. S. Satyamurti: Sir, in view of the fact that there is a large and growing feeling in the country against dividing up this country into so many castes and sub-castes in an official census report, may I know whether Government will take the initiative and after consulting the Provincial Governments ascertain public opinion in this matter?

The Honourable Sir Reginald Maxwell: Surely, if there is such a large body of public opinion on this subject, it will be reflected in the replies which we will receive from the Provincial Governments.

Mr. K. Santhanam: May I know, Sir, whether there will be any material changes other than those referred to in part (c) of the question in the headings under which census will be collected?

The Honourable Sir Reginald Maxwell: I mentioned, Sir, certain particulars of that kind which were under consideration in my reply to Mr. Manu Subedar's question on the 15th March.

Mr. K. Santhanam: May I know, Sir, if those particulars will be published so that the public may be able to make representations regarding that if necessary?

The Honourable Sir Reginald Maxwell: The question whether this should be published and public opinion invited on it would arise at a later stage if there appears to be any good cause for doing so, but the Government of India would normally assume that in the replies which they would receive from Provincial Governments public opinion would be reflected in them.

Mr. K. Santhanam: May I know, Sir, if the Government of India are considering the desirability of clarifying the term 'domestic occupation' which has been confused with agricultural occupation in the last Census Report?

The Honourable Sir Reginald Maxwell: I should require notice of it.

Mr. S. Satyamurti: May I know, Sir, whether Government will give an opportunity to this House to express its opinion on the need and nature of the information which ought to be collected in respect of the next census, in regard to details of caste, etc.?

The Honourable Sir Reginald Maxwell: I will consider that suggestion, but I am not quite sure whether it could be done. These things might have to be decided when the House was not in session, and it might be rather difficult.

Maulvi Muhammad Abdul Ghani: Do Government propose to issue instructions to abolish the caste system among Muslims like *Momins*, or *Julahas*, etc.?

The Honourable Sir Reginald Maxwell: I did not say that we were abolishing the caste system but I referred to the collection of information regarding castes.

GOVERNMENT'S ATTITUDE TOWARDS THE FEDERAL COURT DECISION REGARDING SALES TAX.

1149. *Mr. S. Satyamurti: Will the Honourable the Finance Member please state:

- (a) whether his attention has been drawn to a leading article entitled 'Financial powers of the provinces' in the *Hindu* of the 14th February, 1939;
- (b) whether the Government of India have now made up their minds with regard to their attitude towards the Federal Court decision in regard to the sales tax;
- (c) whether in view of the fact that other Provinces have decided to adopt what the Central Provinces have done, notably Madras and Bombay, the Government of India have further considered this question, and what their final decision in the matter is; and
- (d) whether the Government of India propose to accept the judgment of the Federal Court and leave the Provinces free to explore avenues of taxation; if not, why not?

Sir, I want to add one word in part (b) of the question, and that is—
(b) whether the Government of India have now made up their minds with regard to their attitude towards the Federal Court decision in regard to the sales tax and to enable Provincial Governments to explore such avenues of taxation?

The Honourable Sir James Grigg: That does not affect my answer. (a) to (d). I am not in a position to add anything to the reply which I gave on the 9th February to starred question No. 246 on this subject.

Mr. S. Satyamurti: In view of the fact that it is an urgent and important matter, may I know, Sir, if the Government of India propose to come to a final decision on this matter, because after all the budgets are being framed and passed by the various Provincial Legislatures?

The Honourable Sir James Grigg: I quite understand that; I also quite understand the matter is an important one, but it is so important that I think any hasty or rash step would be unwise.

Mr. S. Satyamurti Will Government consider the desirability of not disturbing the provincial budgets for next year at least, if they cannot make up their minds in time, or will they at least stay their hands?

The Honourable Sir James Grigg: The Honourable Member must know that it is quite impossible to disturb the provincial Budgets without a decision of the Privy Council over-riding the judgment of the Federal Court.

Mr. T. S. Avinashilingam Chettiar: Is there any time limit within which Government must make up their mind in this matter?

The Honourable Sir James Grigg: There is no statute of limitations applying to them.

Mr. M. Ananthasayanam Ayyangar: Is the Honourable Member aware that there is no appeal against the decision of the Privy Council?

The Honourable Sir James Grigg: The Honourable Member is giving me an important legal opinion, for which I am very grateful.

PLANS FOR DEFENCE OF INDIA.

1150. ***Mr. S. Satyamurti:** Will the Defence Secretary please state:

- (a) whether his attention has been drawn to the military correspondent's letter appearing in the *Statesman* of the 23rd February, 1939, from London especially to the paragraph entitled 'Defence Plans' and 'Unity of effort';
- (b) whether the attention of the Government has been drawn to the following sentence particularly;

'Lord Chatfield has begun his work on Defence and is looking over the development of the plans on which Sir Thomas Inskip worked. There seems no doubt but that he is setting out for real co-ordination of the forces, not in part but in whole, by placing the Dominion and Colonial forces into relation with the home plans. He knows that co-ordination is not solely a matter of rearmament and home organisation but should be in collaboration with defence overseas and the character of the aid which the Dominions can give to defence as a whole. Fortunately the overseas Government have spoken with no uncertain voice in the matter and this will support the measures which he has recently discussed with the Government of India'.

- (c) what are the measures which Lord Chatfield recently discussed with the Government of India;

- (d) whether the attention of Government has been drawn to the following sentence also:

'In the Pacific we shall have the main base at Singapore with Indian strength in rear, and on the flanks will be subsidiary bases in Hong Kong and Northern Australia. Indian defence is allied to Pacific defence and no modern strategist certainly not Lord Chatfield, conceives the defence of India as wholly covered without provision for moving a force from the Peninsula to combat danger before it becomes a matter of home defence only'; and

- (e) whether Government can and will throw any light on these defence plans?

Mr. O. M. G. Ogilvie: (a), (b) and (d). Yes.

(c) I refer the Honourable Member to the statement made by the Honourable the Finance Member on the 13th September, 1938, regarding the terms of reference of the Committee presided over by Lord Chatfield.

(e) No.

Mr. S. Satyamurti: As far as my memory serves me right, that statement of the Finance Member does not refer in any manner or to any degree to the measures which Lord Chatfield recently discussed with the Government of India, as set forth in the quotation in clause (b) of the question. May I know whether the Defence Secretary can throw any light on the question, on the nature or character of the measures which Lord Chatfield discussed with the Government of India?

Mr. O. M. G. Ogilvie: No.

Mr. S. Satyamurti: May I know why not?

Mr. O. M. G. Ogilvie: Because they are confidential.

Mr. S. Satyamurti: With reference to the answer to clause (d) of the question, may I know what is the strength of the Indian troops in Hong-kong on which the statement is based, "In the Pacific we shall have the main base at Singapore with Indian strength in rear, and on the flanks will be subsidiary bases in Hongkong and Northern Australia". What is the strength of Indian troops available in these places?

Mr. O. M. G. Ogilvie: The number of Indian troops available in these places has nothing whatever to do with the sentence which the Honourable Member has extracted from a paragraph of the newspaper. There is, and there has been for many years indeed, an Indian battalion in Hongkong and it is still there.

Mr. S. Satyamurti: May I know with regard to the moving of a "force from the Peninsula to combat danger before it becomes a matter of home defence only", what are the commitments of the Indian defence forces with regard to the moving of a force from the Peninsula to combat danger from outside?

Mr. O. M. G. Ogilvie: I cannot possibly in any case divulge, as I have frequently said, defence plans, and still less can I divulge them under hypothetical circumstances.

Mr. S. Satyamurti: I am asking with regard to the statement made here by a responsible writer in the *Statesman*. I want to know what are the—I do not want defence plans, but what are the financial commitments of the Government of India with regard to operations outside India to combat danger outside?

Mr. C. M. G. Ogilvie: I could not possibly state that.

SIND BARRAGE DEBT.

1151. *Mr. S. Satyamurti: Will the Honourable the Finance Member please state:

- (a) whether his attention has been drawn to the speech by His Highness the Aga Khan in Karachi, published in the newspapers on the 21st February, 1939, in the course of which he is reported to have said "No subvention and no debt"; and
- (b) what the intentions of the Government of India are with regard to the future of the barrage debt which Sind owes to the Government of India?

The Honourable Sir James Grigg: (a) Yes.

(b) I would refer the Honourable Member to my reply to question No. 237 on the 9th of February, 1939.

Mr. S. Satyamurti: Is there any limit of time before the end of which the Government of India are bound to re-examine the question of the liability of the Sind Government to the Government of India in respect of the Barrage?

The Honourable Sir James Grigg: No. The Honourable Member knows as I explained in answer to supplementaries on the question to which I have referred, that the combined account for both interest and capital will not be closed till 1942-43.

PROPAGANDA IN INDIA FROM MOSCOW.

1152. *Mr. S. Satyamurti: Will the Honourable the Home Member please state:

- (a) whether his attention has been drawn to the cablegram from the *Statesman's* London office, published on the 23rd February, 1939, regarding propaganda in India from Moscow;
- (b) whether it is a fact that Russia, as a gesture to Britain, has ordered the permanent closing of the Third International's Indian office in Moscow which it is said for a number of years has been responsible for anti-British broadcasts in India and the distribution of political leaflets along frontier districts; and
- (c) whether Government have any information in the matter as to whether such propaganda is being carried on in India at present?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) I regret I have no information.

(c) Broadcasts from the U. S. S. R. continue but are not, so far as I am aware, of the character suggested by the Honourable Member.

Mr. S. Satyamurti: May I know, Sir, whether Government have any information as to the nature of the English broadcasts from Moscow, whether they get any official reports of the nature and contents of the broadcasts specially to India?

The Honourable Sir Reginald Maxwell: No official report is received, as it is open to any one to listen in to the broadcasts. But my information is that they are not specifically anti-British. They give current news and views and contain a certain amount of pro-Bolshevik propaganda, but they are not definitely anti-British.

Mr. S. Satyamurti: May I know whether Government have any information with regard to clause (b) of the question, namely, the permanent closing of the Third International's Indian Office in Moscow? May I know whether Government will find out if this office has been permanently closed?

The Honourable Sir Reginald Maxwell: I imagine the matter will come to our notice if it becomes a fact at any time, but we have no information to confirm that statement.

Mr. Abdul Qaiyum: In view of the fact that this idea of propaganda from Moscow has created alarm and consternation in a certain section of the population, will Government enquire into the truth of this statement?

The Honourable Sir Reginald Maxwell: What is the question?

Mr. N. M. Joshi: Is it only in the Congress camp?

Mr. Brojendra Narayan Chaudhury: Is the propaganda anti-private property?

The Honourable Sir Reginald Maxwell: I have not listened in myself to the broadcasts, and I am afraid I am not able to give an opinion.

Mr. J. Ramsay Scott: May I say I find it very interesting and it comes along at about two o'clock every day.

Prof. N. G. Ranga: Is that a question?

CRITERION FOR SELECTION OF PERSONNEL FOR POSTS ABOLISHED IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, MADRAS.

1153. *Mr. M. Ananthasayanam Ayyangar: With reference to the information placed on the table of the House on the 3rd February, 1939, in reply to my starred question No. 1853, dated the 6th December, 1938, will the Honourable the Finance Member be pleased to state:

- (a) whether Article 428 of the Civil Service Regulations, which requires that there should be the least cost for compensation pension, was applied in selecting the posts for abolition in the Postal Audit Office at Madras; and
- (b) if not, what was the principle on which such a selection was made?

The Honourable Sir James Grigg: With your permission, Sir, I propose to answer together starred questions Nos. 1153 to 1155

I cannot add to the information that I have already given. Government have only recently re-examined at great length the cases of these clerks and come to the conclusion that it would be administratively undesirable to re-entertain officers who have retired from service.

Mr. M. Ananthasayanam Ayyangar: May I know why those officials whose retirement would not involve much of a compensation have not been retired, and why those whose retirement would involve such a compensation have been retired?

The Honourable Sir James Grigg: That is a question which has already been asked and I have given an answer. The answer is, "I cannot add to the information that I have already given."

Mr. M. Ananthasayanam Ayyangar: May I know why those persons who had been informed, when recruited, that they were liable for service in Burma, were not sent to Burma after separation but others who were not recruited on those terms and conditions were sent to Burma? That arises from the answer to question No. 1154.

The Honourable Sir James Grigg: The representations of these officers have already been exhaustively examined by the Auditor General and he has come to the conclusion, with which I entirely agree, that the arrangements already made are the best that can possibly be made, having regard to the interests of the service as well as other interests.

Mr. M. Ananthasayanam Ayyangar: Have Government considered the desirability of re-transferring those people to India as and when vacancies arise in Mudras?

The Honourable Sir James Grigg: They have considered it but they have rejected it.

Mr. M. Ananthasayanam Ayyangar: May I take it that no vacancies will arise at all? What is the reason for not providing for them?

The Honourable Sir James Grigg: It will provide only a very minor solution of the problem, if any, which the Honourable Member has in mind and would only create extra disturbance.

CRITERION FOR SELECTION OF PERSONNEL FOR POSTS ABOLISHED IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, MADRAS.

†1154. ***Mr. M. Ananthasayanam Ayyangar:** With reference to the information placed on the table of the House on the 3rd February, 1939, in reply to my starred question No. 1853, dated the 6th December, 1938, will the Honourable the Finance Member be pleased to state the reasons for retaining at Madras some of the persons who were informed, when recruited, that they were liable for service in Burma, in preference to others who were not so recruited and whose posts were abolished?

†For answer to this question, see answer to question No. 1153.

CRITERION FOR SELECTION OF PERSONNEL FOR POSTS ABOLISHED IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, MADRAS.

†1155. ***Mr. M. Ananthasayanam Ayyangar:** With reference to the information placed on the table of the House on the 3rd February, 1939, in reply to my starred question No. 1853, dated the 6th December, 1938, will the Honourable the Finance Member be pleased to state :

- (a) whether it is a fact that, in reply to a telegraphic representation made by the officials at Madras compulsorily retired, the Auditor General stated that while he could not recommend the re-employment of the petitioners in the offices subordinate to him, he had no objection to their being considered as outsiders for any vacancies under the Director General, Posts and Telegraphs; and
- (b) if the reply to part (a) be in the affirmative, the reason for his refusing to take them back in any of the offices under his control, or recommend their case officially to the Director General?

PROSCRIPTION OF THE BOOK ENTITLED "INDIA IN BONDAGE".

1156. ***Dr. P. N. Banerjee:** (a) Will the Honourable the Home Member be pleased to state whether a book entitled "India in Bondage" by Dr. J. T. Sunderland of the United States of America, was proscribed by Government in 1929?

(b) Were copies of the Indian edition of this book forfeited to Government, and were the publisher and printer of this edition fined Rs. 1,000 each?

(c) If the answers to parts (a) and (b) be in the affirmative, is the Honourable Member prepared to consider the desirability of withdrawing the proscription and of returning the copies of the Indian edition of the book to the publisher?

The Honourable Sir Reginald Maxwell: (a) and (b). Yes.

(c) The book was proscribed under section 99A of the Criminal Procedure Code by the Bengal Government and a notification was subsequently issued under section 19 of the Sea Customs Act by the Government of India prohibiting its import into India. So long as the order of proscription stands the question of cancelling the notification under the Sea Customs Act will not arise.

Mr. Manu Subedar: May I know if the book was proscribed because it told the truth, or it was proscribed because it was telling things which were not correct?

The Honourable Sir Reginald Maxwell: It was proscribed because it came within the mischief of section 124A and section 153A of the Indian Penal Code.

Dr. P. N. Banerjee: Is it not a fact that there is no incitement to violence in this book?

The Honourable Sir Reginald Maxwell: The whole effect of the book, as it appears to me, is likely to encourage violence on the part of impressionable people.

Mr. Lalchand Navalrai: Does the Honourable Member himself consider that it is seditious?

The Honourable Sir Reginald Maxwell: Yes, Sir. That is the conclusion arrived at from the examination which the book has already undergone.

Mr. Lalchand Navalrai: May I know if the examination has been done by the Honourable Member himself?

The Honourable Sir Reginald Maxwell: I am in possession of a full review of the contents of each chapter and that is the conclusion I have arrived at.

REGISTRATION OF FOREIGNERS IN INDIA.

1157. *Mr. Manu Subedar: (a) Will the Honourable the Home Member please state whether Government have considered the desirability of securing the registration of all persons in India, who are not nationals of India or subjects of Indian States or of the United Kingdom?

(b) Have Government examined the Foreigners Act of 1864 with a view to considering its adequacy under modern conditions and its revision?

(c) What information have Government with regard to the position of aliens in the United Kingdom and in one or two leading foreign countries?

(d) Is it a fact that all aliens are required in the United Kingdom to register themselves, to report to the police, and to have their papers with them with a view to provide a check on their activities?

The Honourable Sir Reginald Maxwell: (a) and (b). I would refer the Honourable Member to the debate on the Registration of Foreigners Bill which was referred by this House to a Select Committee on the 9th March, 1939.

(c) So far as aliens in the United Kingdom are concerned, the Honourable Member is referred to the British Aliens Restriction Acts, 1914 and 1919, and to the Aliens Order of 1920 made under those Acts. As regards the treatment of aliens in foreign countries, my information is that subject to exemptions for periods which vary generally from 24 hours to two months, alien visitors are required to register or report their presence in at least 30 countries in Europe, America and Asia.

(d) The Honourable Member is referred to Articles 6 and 7 of the British Aliens Order, 1920.

Mr. Manu Subedar: In view of the precipitation of events in Europe, may I inquire whether Government have got ready the full machinery for enforcing the Act which is under the consideration of the House and also whether they have examined the question of insisting on an identity card being carried by every foreigner?

The Honourable Sir Reginald Maxwell: To answer the last part first, the Act which is under the consideration of the House or will shortly come up for consideration provides for obtaining proof of identity. As regards the first part of the Honourable Member's question, Government have very carefully been considering their plans and have got on with them as far as it is possible to do so in the absence of an Act for the registration of foreigners.

Mr. M. Ananthasayanam Ayyangar: What is the reason for not bringing in a more comprehensive Bill, providing restrictions for foreigners transacting business or carrying on work in municipal and other services in this country?

The Honourable Sir Reginald Maxwell: I explained that at some length in the debate on the Bill and I hardly think I need enter into all that matter again.

EXAMINATIONS HELD TO RECRUIT CLERKS IN THE GOVERNMENT OF INDIA.

1158. *Sardar Sant Singh: (a) Will the Honourable the Home Member be pleased to state whether it is a fact that the Federal Public Service Commission hold competitive examination nearly every year to recruit clerks for the Government of India Secretariat and attached offices?

(b) Is it also a fact that a list of successful candidates is prepared in order of merit and offers of appointment made in accordance with communal representation?

(c) Is it a fact that a similar examination for the recruitment of third division and routine grade clerks was held in December, 1937, to fill vacancies occurring during the financial year 1938-39?

(d) Will Government please state how many third division clerk's vacancies have actually been withheld since the issue of the instructions for economy?

(e) Do Government propose to consider the question of offering all the vacancies occurring during the financial year 1938-39 but withheld in view of economy to the successful candidates who appeared at the examination in 1937?

The Honourable Sir Reginald Maxwell: (a)–(c). Yes.

(d) 27.

(e) The question has been considered and it has been decided that successful candidates from the 1937 examination list will be appointed to such vacancies as occur and are actually filled during the financial year 1938-39.

REVERSION OF CERTAIN UPPER DIVISION CLERKS IN THE ARMY HEAD-QUARTERS.

1159. *Sardar Sant Singh: (a) Will the Defence Secretary be pleased to state whether it is a fact that some upper division Indian Army Corps of Clerks in the Army Headquarters have been reverted to lower division and their pay has been reduced by about Rs. 50 each?

(b) Is it a fact that these clerks were promoted from the lower division and were confirmed in that division and enjoyed some promotions as well? If so, what reasons led the authorities to demote them *en bloc* now?

Mr. C. M. G. Ogilvie: (a) and (b). Yes. The facts of the case are that owing to a misunderstanding of the intention of Government orders twelve lower division clerks of the Indian Army Corps of Clerks were erroneously promoted by Branches of Army Headquarters to the upper division of that Corps, without their fitness having been first tested by an examination. A copy of the conditions of service for the Indian Army Corps of Clerks is given to all candidates on first appointment, and these

terms state that before promotion an individual must be qualified and efficient. After full consideration, it was decided that such of these clerks who had been erroneously promoted should be required to sit for an examination, together with other candidates from the lower division who had been recommended but not promoted. This was held in January, 1939, at which all twelve candidates in question, together with 27 others, were examined. Six of the twelve qualified for retention in the upper division, while the remaining six, who were not successful, were relegated to the lower division.

Mr. Lalchand Navalrai: May I know how many of these reverted candidates have been successful?

Mr. C. M. G. Ogilvie: Six.

APPOINTMENT OF MEMBERS OF THE GOVERNOR GENERAL'S EXECUTIVE COUNCIL.

1160. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Home Member please state whether the Government of India have any hand or any say in the appointment of Members of the Governor General's Executive Council?

The Honourable Sir Reginald Maxwell: No, Sir. Members of the Governor General's Executive Council are appointed by His Majesty by warrant under the Royal Sign Manual under section 36 (1) in the Ninth Schedule of the Government of India Act, 1935.

Mr. Brojendra Narayan Chaudhury: Are not the Members of the Executive Council consulted regarding the appointment?

The Honourable Sir Reginald Maxwell: I have already referred the Honourable Member to the authority for appointment.

Mr. Sri Prakasa: Does His Majesty interview them before appointing them?

Mr. M. Ghiasuddin: Who advises His Majesty upon them? Surely he does not act on his own choice?

The Honourable Sir Reginald Maxwell: I cannot give any information on that subject.

EMPLOYMENT OF SERVANTS AND FOLLOWERS THROWN OUT OF EMPLOYMENT BY THE DEPARTURE OF CERTAIN BATTALIONS FROM LUCKNOW CANTONMENT.

1161. *Mr. Mohan Lal Saksena: (a) Will the Defence Secretary be pleased to state whether it is a fact that the President, Cantonment Board, Lucknow, made a representation to the Officer Commanding, Lucknow, on behalf of the servants and followers in Lucknow Cantonment who have been thrown out of employment by the departure of the First Battalion, the Buffs, overseas and the transfer of 14/20th Hussars to Sikandrabad? If so, what action has been taken by Government to secure employment for them?

(b) Is it a fact that the majority of servants and followers employed with the Royal Welch Fusiliers are from the Punjab and have been brought to Lucknow by the contractor? If so, for what consideration have they

been employed in preference to those who belong to Lucknow and have been thrown out of employment? Have they agreed to accompany the regiment to the field in case of war? If not, why is an undertaking to that effect required from the employees belonging to Lucknow and the United Provinces?

(c) Will Government state what privileges and facilities, if any, they propose to allow to those servants and followers who agree to accompany the regiment to the front?

Mr. C. M. G. Oglvie: (a) and (b). The Royal Welch Fusiliers who arrived from overseas in December, 1938, were originally ordered to Rawalpindi and made arrangements with the contractor whom they had selected that he should engage a staff of followers, servants and canteen employees. These orders were later cancelled and the regiment was posted to Lucknow instead. In the meantime, the contractor had engaged about 120 followers and servants, the majority of whom belong to the Punjab. He has, however, agreed not to engage any further regimental followers from outside Lucknow without reference to the local military authorities; to employ all previous followers of the Royal Welch Fusiliers domiciled in Lucknow and as many as possible of the followers recently employed by the 1st Battalion of the Buffs and the 14/20th Hussars. As the total number of followers, servants and canteen employees with the Royal Welch Fusiliers exceeds 400 it is not a fact that the majority come from the Punjab.

I also refer the Honourable Member to the reply I gave to part (g) of his starred question No. 380 on the 14th February, 1939.

The liability of canteen followers for field service is contained in all institute contracts. A model form of agreement is included in the Institute Rules, India, 1938, a copy of which is in the Library of the House.

(c) I refer the Honourable Member to section 9 of the Canteen Manual (War), India, 1938, a copy of which is also in the Library of the House.

POLITICAL PRISONERS IN JAILS OF THE CENTRALLY ADMINISTERED AREAS.

1162. *Mr. Mohan Lal Saksena: (a) Will the Honourable the Home Member be pleased to state the names of political prisoners in the jails of centrally administered areas, their respective periods of sentences and probable dates of release?

(b) Have Government considered the feasibility of releasing them as early as possible? If not, what are the reasons for not releasing them?

(c) Are Government prepared to consider the advisability of appointing a Committee with a majority of non-official Members of the Assembly with a view to reviewing their cases and recommending their release?

The Honourable Sir Reginald Maxwell: (a) I do not know exactly what the Honourable Member means by "political prisoners". But I lay on the table a statement giving information about certain convicts serving sentences of imprisonment in jails within Chief Commissioner's provinces for offences appearing to have had some political motive.

(b) Government do not at present see any grounds for releasing any of the prisoners prematurely.

(c) No.

Political Prisoners in Jails of Centrally Administered Areas.

Name.	Term of imprisonment.	Probable date of release.
AJMER-MERWARA.		
1. Ram Chandra Bapat	7 years' rigorous imprisonment under section 307, I. P. C., and 3 years' rigorous imprisonment under section 19 (F), Arms Act, sentences to run consecutively from 21st May, 1932.	April, 1940.
2. Rajendra Kumar	1 year's rigorous imprisonment under section 106, C. P. C.	November, 1939.
3. Champalal	3 months' rigorous imprisonment each under section 6, Indian States (Protection) Act, 1914.	June, 1939.
4. Kaserdeo		
5. Dwarkadas		
6. Sitaram		
7. Satynarain		
DELHI.		
8. Sardhanand	1 year's rigorous imprisonment under section 124 A, I. P. C., from 4th July, 1938.	June, 1939.

Mr. T. S. Avinashilingam Chettiar: What is the number of persons whose list has been laid on the table?

The Honourable Sir Reginald Maxwell: Eight.

Mr. S. Satyamurti: In view of the fact that several Governments including the Government of Bengal have released or are considering actively the question of releasing political prisoners (I accept the definition of my Honourable friend), if they have renounced their faith in violence, may I know why the Government of India do not propose to consider similarly the question of the release of these prisoners who have renounced their faith in violence?

The Honourable Sir Reginald Maxwell: All the prisoners are not the prisoners of the Central Government. The question was which prisoners of this character were confined in jails within Chief Commissioners' Provinces. Some of these came from elsewhere, I understand.

Mr. Mohan Lal Saxena: Am I to understand that Government are prepared to release the prisoners belonging to the centrally administered areas?

The Honourable Sir Reginald Maxwell: I replied to that in part (c) of the question.

Mr. T. S. Avinashilingam Oettiar: Of these eight, how many are detained without trial?

The Honourable Sir Reginald Maxwell: None.

APPLICATION OF THE PUNJAB SUPPRESSION OF IMMORAL TRAFFIC ACT TO DELHI PROVINCE.

†1163. ***Mr. Suryya Kumar Som:** Will the Honourable the Home Member please refer to the reply given to part (a) of starred question No. 791 on the 5th October, 1936, and state:

- (a) the date on which the Punjab Suppression of Immoral Traffic Act was passed;
- (b) the result of the consideration of the question of applying the Punjab Suppression of Immoral Traffic Act to the Delhi Province; and
- (c) the date from which the Punjab Suppression of Immoral Traffic Act shall apply to the Delhi Province?

The Honourable Sir Reginald Maxwell: (a) The Punjab Suppression of Immoral Traffic Act, 1935 (Punjab Act IV of 1935), was passed on the 21st November, 1935.

(b) and (c). The Act was extended to the Delhi Province by the notification of the Government of India in the Home Department, No. 173/38-Judicial, dated the 26th November, 1938. It has not, however, been applied as yet by the Chief Commissioner to any area in Delhi. He is in communication with the local authorities and "social service" associations on the subject of administrative arrangements in this matter.

SUBJECTION TO INCOME-TAX OF PENSIONS PAID IN ENGLAND.

1164. ***Mr. C. N. Muthuranga Mudaliar:** Will the Honourable the Finance Member state:

- (a) whether pensions earned by Englishmen in England are subjected to income-tax by the Government of the United Kingdom;
- (b) whether persons resident in the United Kingdom in receipt of pensions from overseas are taxed in the United Kingdom;
- (c) what action the Government of India have taken about the recommendations in the Select Committee's Report on Income-tax signed by the Honourable the Finance Member and Mr. J. F. Sheehy and Mr. S. P. Chambers amongst others, in regard to the representations to be made to His Majesty's Government to amend the Government of India Act, 1935, so as to make pensions payable out of Indian revenues assessable to the Indian Income-tax (paragraph 6 of page 1, Select Committee's Report);

†Answer to this question laid on the table, the questioner being absent.

- (d) whether, in case no action has as yet been taken, Government propose to take any action now or in the near future; and
- (e) in case the Government of India do not propose to make any representations, what are the reasons underlying the Government's decision?

The Honourable Sir James Grigg: (a) Yes.

(b) Yes.

(c) The recommendation made in the Select Committee's report has been forwarded to His Majesty's Government.

(d) and (e). Do not arise.

Mr. S. Satyamurti: With reference to the answer to part (c) of the question, may I know if, in forwarding the recommendation of the Select Committee, the Government of India expressed any opinion of theirs or any recommendation of theirs on that recommendation of the Select Committee?

The Honourable Sir James Grigg: The Honourable Member may not ask that; I mean, he may ask that but I won't answer it.

Mr. M. Ananthasayanam Ayyangar: May I know what steps have been taken by His Majesty's Government to modify it, as desired by the Select Committee?

The Honourable Sir James Grigg: No overt steps yet.

FOREIGN MONEY SPENT IN INDIA.

1165. ***Mr. Manu Subedar:** (a) Will the Honourable the Home Member please state if the attention of Government has been drawn to an editorial note in the *Statesman*, dated the 3rd March, 1939, in which the following allegation has been made:

"Evidence of foreign money being spent in India is also, we understand, accumulating fast. One Power in particular seems to be acting in a manner which may require sharp action"

(b) Is it possible for Government to state what information they have on this subject and what steps are being taken to counteract this subversive propaganda by foreign powers?

(c) Have Government considered the desirability of taking the Leaders of Parties of this House in confidence on this subject?

(d) Have they apprised Provincial Governments of the danger and sought their co-operation for the suppression of such subversive propaganda, or for counteraction, where necessary?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b), (c) and (d). Government are alive to the danger of subversive propaganda in India financed from abroad but regret they cannot divulge publicly the information they possess in the matter.

Mr. S. Satyamurti: May I know what are the steps they are taking to stop this inflow of money for propaganda in this country?

The Honourable Sir Reginald Maxwell: The steps to be taken are very limited. The main point is to be aware of everything that is happening.

Mr. Mann Subedar: Have Government any information in their possession which would substantiate or destroy the rumour which we have been hearing that some foreign money was used in connection with the election campaign of the Congress President?

The Honourable Sir Reginald Maxwell: I have no information on that point.

Mr. S. Satyamurti: Have Government any power, or do they propose to take power if necessary by legislation, forfeiting any money sent by hostile or inimical countries to this country for hostile propaganda here?

The Honourable Sir Reginald Maxwell: It is very difficult to take any such action; I believe it would not accord with certain postal conventions.

Sir Cowasji Jehangir: The Honourable Member said that the action to be taken by him was limited. May I know why it is limited?

The Honourable Sir Reginald Maxwell: It is a matter of the relations between His Majesty's Government generally and foreign countries.

Sir Cowasji Jehangir: Is the Honourable Member aware that foreign countries take a far severer action or similar action in their own country, (*An Honourable Member:* "Concentration camps"), and have "concentration camps"—as the Honourable Member says?

The Honourable Sir Reginald Maxwell: No, it is not possible to take action against persons who do not infringe the law in any way.

UNSTARRED QUESTIONS AND ANSWERS.

RECRUITMENT OF DELHIWALAS TO CERTAIN SERVICES.

36. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state:

- (a) the total number of Assistant Secretaries, Superintendents, Assistants, Clerks, Duffries, Record Sorters and peons in the offices of the Government of India, Delhi Province and Delhi Division, North Western Railway;
- (b) how many of them belong to the Province of Delhi; and
- (c) whether Government propose to take more Delhiwalas in these services in future; if not, why not?

The Honourable Sir Reginald Maxwell: (a) and (b). The collection of the information would involve an amount of time and expense which is not justified by the subject.

(c) As regards the superior and subordinate services recruited on an all-India basis Government recognise no claim for representation on territorial grounds. They have no reason to believe that in the services recruited on a local basis the inhabitants of Delhi Province are under-represented.

PERSONS EMPLOYED IN THE DELHI POLICE FORCE.

37. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state:

- (a) the number of persons employed in the Delhi Police Force in each rank, both gazetted and non-gazetted;
- (b) the sex they belong to;
- (c) the community they belong to;
- (d) their place of birth and their native district;
- (e) total number of each sex, community and district;
- (f) the reasons for preponderance by any community or by any district; and
- (g) the reasons for the paucity of Delhiwalas in each rank?

The Honourable Sir Reginald Maxwell: The information has been called for from the Chief Commissioner, Delhi, and will be laid on the table of the House in due course.

MOTION FOR ADJOURNMENT.

EJECTMENT AND PROSECUTION OF A FIRST CLASS RAILWAY PASSENGER FOR WEARING A Dhoti.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has received notice of a motion for the adjournment of the business of the House from Qazi Muhammad Ahmad Kazmi for discussing a matter of definite and urgent public importance, *viz.*, the ejectment of a first class passenger from the carriage and his prosecution as he was wearing a *dhoti*, as reported in the *Hindustan Times*, dated the 19th March, on page 18. What happened to this prosecution?

Qazi Muhammad Ahmad Kazmi (Meerut Division: Muhammadan Rural): This person was prosecuted under section 120 of the Indian Railways Act, and the report that appears in the *Hindustan Times* is that the magistrate acquitted him with the remark that the wearing of a *dhoti* cannot be considered to be an offence.

Mr. President (The Honourable Sir Abdur Rahim): Is not the Honourable Member satisfied with that finding of the Court?

Qazi Muhammad Ahmad Kazmi: I am perfectly satisfied with the finding of the Court, but what I want to discuss is the treatment that was meted out to the gentleman by the railway official and his prosecution under section 120 of the Indian Railways Act.

Mr. President (The Honourable Sir Abdur Rahim): The magistrate has found, the Chair understands, that the prosecution did not lie or at any rate was badly conceived, and that he was entitled to wear a *dhoti*.

[Mr. President.]

If that was so, then any damage which has been caused to him by the ejection, surely there is remedy for it.

Qazi Muhammad Ahmad Kazmi: It is not a question of damage to the man, but it is a question of the discretion of the railway authority as to whether the wearing of a *dhoti* would be an offence or would be an indecent act?

Mr. President (The Honourable Sir Abdur Rahim): The Chair takes it that the Honourable Member's contention is correct that wearing a *dhoti* in a first class compartment or in any compartment is not an offence. He has got such a decision. Nobody disputes it.

Qazi Muhammad Ahmad Kazmi: But the railway authorities disputed it and harassed this gentleman?

Mr. President (The Honourable Sir Abdur Rahim): Cases do occur where people are prosecuted and the prosecution is found to be baseless.

Qazi Muhammad Ahmad Kazmi: But this is a case of frivolous prosecution. The railway officials ought to have discretion enough to understand whether the wearing of a *dhoti* would in any way come under section 120. They turn a person out of the railway compartment and then the Court may find that the man was not guilty of anything, but still the railway authority would be liable for this that they have used their discretion in a way so as to harass a passenger?

Mr. President (The Honourable Sir Abdur Rahim): The Chair rules it out of order.

ELECTION OF MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Wednesday, the 15th March, 1939, the time fixed for receiving nominations for the Committee on Public Accounts, twelve nominations were received. Subsequently eight members have withdrawn their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following to be duly elected to the Committee, namely:

- (1) Captain Sardar Sir Sher Muhammad Khan;
- (2) Sirdar Jogendra Singh;
- (3) Prof. N. G. Ranga; and
- (4) Maulvi Muhammad Abdul Ghani.

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The Assembly will now resume consideration of the motion moved by the Honourable Sir James Grigg that the Finance Bill be taken into consideration. Dr. Banerjee.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadian Urban): Sir, yesterday afternoon, I was about to begin the discussion of possible alternatives to meet the deficit when the House rose for the day. Supposing, there is a real deficit, I suggest, Sir, that there are three alternative measures which would be better calculated to meet the deficit than the proposal made by the Honourable the Finance Member. The first of these alternative measures is a reduction in the salaries of the officers of Government on a graduated scale. It is a well-known fact that the salaries of Government officers, in India, are higher than those paid even in rich countries, in fact higher than those paid anywhere else in the world. In view of this fact it is absolutely essential in a poor country like India to adopt the policy of reduction of salaries of all Government employees above a certain minimum. If that is done according to a graduated scale, then a sufficient sum will be saved which will not only wipe out the deficit but will leave a margin for reduction of taxation. A further saving will arise from the abolition of useless posts. There is a number of well-paid posts which can be abolished without any detriment to the efficiency of the administration. This also should be taken into consideration.

My next suggestion is that the existing arrangement for the grant of relief in respect of double taxation should be withdrawn. In connection with the passing of the Income-tax Bill this matter was urged by us, but it was not accepted by the Government. In view of the coming deficit, I hope this suggestion will meet with due consideration at their hands. It will involve, it is true, an amendment of the Income-tax Act, but if the Government bring forward a proposal, the Act will be amended at a single sitting by this House. This will give the Finance Member a sum of about a crore of rupees, that is to say, it will leave in his hands a margin of about half a crore after meeting the prospective deficit.

My third suggestion is that all sums of money, which are paid in England out of the Indian treasury in meeting interest charges, on sterling loans and pensions of retired officers, be subjected to the Indian income-tax. I will be told that this will require the amendment of the Government of India Act, but my contention is that the Government of India Act is not immutable like the laws of the Medes and Persians. If the Government of India approach the British Government, the Government of India Act may be amended in the course of a few days. There will be no difficulty in this regard. If there is the will, there will be no difficulty in finding the way. This measure is likely to yield between 1½ crores and 2 crores of rupees?

Thus, any one of the measures suggested by me will be quite sufficient for meeting the deficit in the budget and for leaving a margin for the reduction of taxation, while a combination of all these measures will be sufficient not only for both these purposes but will leave as a margin a large sum of money for expenditure on the nation-building activities of Government.

Coming to the remission of taxation, the Honourable the Leader of the Opposition stressed yesterday the need for reducing the price of the postcard. Four years ago I moved an amendment to the Finance Bill urging the reduction of the price of the postcard from three pice to two pice and this amendment was carried by an overwhelming majority. But, unfortunately, the Government did not see their way to accept the amendment. The time has now come for them to take a decisive action on this

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question. I need hardly say that this is a matter in which there exists in the country a great deal of discontent.

In the concluding portion of his budget speech the Finance Member echoed the *obiter dicta* of the Chief Justice of the Federal Court regarding the need for mutual forbearance between the Provincial Governments and the Central Government with regard to concurrent powers of taxation. I hope and trust that the Provincial Governments will take due note of this admonition, and I am sure the Central Government will bear the matter fully in mind. The Finance Member also stressed the necessity for "a release of the stresses operating between race and race and community and community." Although it may be said that this homily comes with ill grace from a person who has consistently flouted the opinion of this House and has persistently gone against the public opinion of the country, I, for one, am prepared to accept his plea for co-operation. The Finance Member pleaded for political reconciliation which, according to him, was needed for the economic welfare of India as well as of the rest of the world. Sir, I am entirely in favour of political reconciliation, but I must emphasise the fact that political reconciliation must be based on fairness and justice. If there is a proper approach made from the side of the Government, I am sure that there will be adequate response from this side of the House. Meantime, the attitude of the Government of India and of the British Government towards our proposals, made in connection with this budget, will be a test of the sincerity of their desire for reconciliation.

Sir James Grigg was sent out to India by the British Government five years ago. During his term of office he has served his country faithfully and well, for which, I am sure, he will be amply rewarded by Britain. Whatever my differences with him may be on political and economic questions, on the eve of his departure from India I wish him *bon voyage* and express the hope that he will live for many more years and enjoy health and vigour so that he may be able to render further services to his own country.

Maulvi Abdur Rasheed Chaudhury (Assam: Muhammadan): Sir, the Finance Member has produced again a deficit budget this year. 12 Noon. The deficit is something like 200 lakhs. Although he is making up this deficit by taxation, he says that the three crores provided for the reduction of debt will not be paid this year. That was a very useful measure and I will come to it later on. Now, Sir, coming to the Finance Bill I find that the Finance Member has got a very soft corner for the lower middle classes. Although he has got sympathy with this class, he has adopted a very astute attitude towards them and when they combine them and form them into a company. So far as the rich are concerned he has prepared a guillotine for them. But one thing is very significant in his budget, namely, that it shows no care for the masses who contribute to the taxes of this country.

I will take the receipts side first. The first item that I wish to touch is the income-tax. The Honourable the Finance Member showed a good deal of eagerness in passing the Income-tax (Amendment) Bill in the last Session. He expected a large amount of money from this measure. But we had our own doubts on this point. The net result of the passing of the Income-tax (Amendment) Bill is a practical lessening of the income derived from this source before. The Honourable Member has budgeted

for an increase by 49 lakhs from this source during 1939-40. This is including the leave pay exemption. By withdrawing this leave pay exemption, the Finance Member expects to get 50 lakhs. Including these 50 lakhs, the net result of increase this year will be only 49 lakhs. This means if there was no leave pay exemption, the passing of this Bill would have resulted in a decrease of one lakh this year. For the lower middle classes, the Finance Member expects to give relief to the extent of 93 lakhs. Let us see how he likes to give it. In order to give this relief he is getting 117 lakhs from super-tax from individuals. That is for giving relief to the lower middle classes, he is extracting 117 lakhs from the rich people. My Honourable friend, Sir Cowasji Jehangir, showed the other day what a small number of rich men have been left in this country and it will not be a compliment to the Finance Member to kill the remaining few rich men of this country. Then, Sir, when he comes to the company, he loses all sympathy for the lower middle classes. If three or four men combine together and form a company, he has got no sympathy for them. Of course, as I said before he has got sympathy for individual lower middle classes. But when the question of company comes in he becomes very severe to tax them. I do not understand his attitude in this matter. If he could give relief to individual lower middle classes, why can't he give relief to the same classes of people when they form into a company. When the Income-tax (Amendment) Bill was under discussion in this House, I had great doubts whether the expectations of the Finance Member would be fulfilled. So far as clause 4 of the Bill was concerned, he expected to get all the money to cover his deficit this year. I had great doubts whether it would be a fact. Even on an accrual basis, we did not expect he would get much money. Our doubts have proved true. What we find is that the Finance Member has got practically nothing by bringing in his new Income-tax (Amendment) Bill. So far as the main provisions are concerned, they will remain a dead letter. Of course I must give the Honourable Member credit for the patience with which he is bearing his disappointments. In order to keep the receipts steady he made a good deal of jugglery with figures. In his despair to find money to balance his budget, he has bestowed a lot of labour.

The next item of new taxation is *khandsari* sugar. We all considered this to be something like a cottage industry. The *khandsari* sugar is used by the poor classes and not by the rich. Now, Sir, taxing the *khandsari* sugar produced outside the factory will mean something like taxing the yarn produced on the *charka*. There is one strange thing in regard to this tax. The Finance Member knows full well that there will be reduction of output of sugar in this country this year. He knows full well that the price of sugar is very high and the consumption is falling. In spite of that he goes on taxing *khandsari* sugar. What for? He says the imports of foreign sugar more than compensate for the loss of revenue. This shows what he has got in his mind. He does not like that the indigenous industry should thrive. That is why he says that although there will be less production of sugar in this country we will get more revenue by taxing the imported sugar. This is the attitude of all Finance Members from the beginning and that is why the industries of this country are not thriving.

Now, Sir, I come to the question as to why successive Finance Members are in this financial plight. In the last 25 years there have been as many as 12 or 13 items of taxation and there is very little remission of

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these taxes, but how is it that the Finance Members cannot get the requisite money? It is not the fault of the Finance Members but of the British policy in this country. I showed, in another connection, that that policy is that this country should not accumulate any wealth or keep up its prosperity. I showed also that in 1833 Lord Macaulay said that India was the richest country in the world, except France. What has become of that wealth? We find that the present poverty of this country has been due to the policy of the British Government. Since 1914, there has practically been no increase of Government revenue. In 1914, the Central Revenue was something like 80 crores and, in 1939, it is something like 82 crores. So, practically, there is no increase. Compared to other countries what do you find? The central revenue in Japan in 1914 was 92 crores and in 1930 it rose to 209 crores. Whereas, the Government revenue is increasing in every country by leaps and bounds India is the only country where it is almost stationary. Who is responsible for this? We find that there is a drain upon Indian finances year after year. There is a foreign investment of something like 1,300 crores in this country and the interest paid takes away something like 65 crores of our money every year. Then exchange, etc., takes away another 21 crores, business takes 40 crores, British and foreign shipping takes away 35 crores,—altogether it comes to 161 crores. On the top of this there are official remittances to England for pensions, home charges, liabilities to non-British traders, etc. The economist calculated the total drain of India every year as something like 220 crores, which comes to as much as over 12 per cent. of the national income of the country leaving 88 per cent. for the millions of people in India. That is one of the reasons why we are not prosperous as before. Another reason is the apathy of the administration.

Although India is an agricultural country, it is well known that it was not wholly agricultural before the British came here. People could supplement their agricultural income from industries, but Government showed such apathy towards these industries that they did not raise their little finger to help them. Several times India made an effort to establish industries; after the Swadeshi agitation hundreds and thousands of companies were floated, but Government never encouraged them, with the result that for want of expert knowledge and funds most of them went into liquidation. Had Government taken care of them the Central revenues would not have been in this sorry plight today. They have only milked the cow without caring for the food to be given to the cow and now the condition is that the cow cannot give any more milk. The Finance Member in his desperation to find money looks this way and that way and in spite of several taxes imposed this year he did not find that enough but was driven to draw on the military sinking funds to the extent of 49 lakhs, although that sinking fund was not meant for this purpose. Then, Sir, Finance Members have a habit which is peculiar to them and that is that they trifle with us in whatever suggestions we may make. All is wisdom on their side and all ignorance on ours. There are good sources on which taxes can be based but they will never try them. For instance there has been a drain of gold from this country going on for the last so many years: up to now, something like 325 crores have been drained off from this country. Government could easily have put an export duty on this gold and they would have got money for their purposes, but they will never do it.

I come now to the expenditure side and I will first take defence. Although the Finance Member says there is practically no increase in defence expenditure there is actually an increase of 216 lakhs and the main item, although our revenues are so poor, is the improvement of the prospects of British officers, costing us 150 lakhs. What was the necessity for giving more to these people who are already getting so much? They could easily have waited for better times. It would have given us some consolation if steps had been taken to increase the defence expenditure for the benefit of this country. Then, Sir, we have been kept in the dark so far as the working of this department is concerned. So long as British prestige was high, we could afford to be in the dark, but now there is a great deal of difference. We find that dark days are coming. We have ascertained from the Defence Secretary, by putting questions, what strength they have in this country in defence matters. Time after time he has admitted that the Indian Army is not enough to check a major invasion of India by any major power. The Indian Army is kept only to check the first onrush of a major attack and to defend India until British soldiers can be brought over from England. The other day also in reply to a question the Defence Secretary said that the British Navy has to defend the Indian coasts. The British Navy was invincible so long, but circumstances have now changed. How can the British come to the rescue of India? The Gibraltar defences have gone; the Malta defences have vanished practically; the Mediterranean is not open to them; how can the British army come to India and help India in the case of a major attack? We cannot afford to be in the dark hereafter, so far as the working of this department is concerned. We do not want that we should be handed over as bond slaves to any other invader. We are trying our very best to see that this is the last foreign domination; we cannot afford to be under the domination of any other foreign country. But although we find the British are so helpless and their prestige practically gone, they are not still taking us into their confidence. If they had satisfied us that the money they are spending for defence purposes is intended for the defence of India, we would not have grudged them this money: we would have gladly given them more. But they are not taking us into their confidence. This British protection to India's defence is costing us a lot and giving us the least result. Had the Indian Army and the Indian Navy been an independent unit of India we would have been able to defend ourselves better. In Canada I find that in 1934 their defence budget was 13·4 million dollars, that is, I think about four per cent. of their revenues; but here our defence expenditure is nearly 60 per cent. of our revenues and, still, the defence measures are not complete and the authorities cannot give us an assurance that the army maintained will be sufficient for the defence of India. The time has come when the authorities should explain things at least to our leaders, so that they may know that India is not going to be the victim of any foreign domination as soon as the Britishers leave.

There is another aspect of this question. So far as the defence expenditure is concerned, according to us, in many cases they misuse their power. Operations on the North-West Frontier have been going on for the past 12 or 13 years; and regular operations have been going on for the last two or three years; the Defence Secretary admitted the other day that although they had spent an extra three crores and more nothing has been gained yet. We have been crying hoarse that our men and money should not be wasted in the North-West Frontier. But as I have said before, they all

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consider that whatever we say is ignorance and whatever they say is wisdom, and so they don't care for our instructions.

Now, Sir, things are moving in such a rapid way that the menace of another attack on India is very near. In the course of this week we find the votaries of war are coming further on India's side. It may be that beyond our expectations something may happen and India might be in danger of an attack. So, Sir, it is all the more reason that the operations in the Frontier should cease now and the Government should concentrate on the defence of India.

Now, Sir, a word about how things can be improved. The Government can say that we can only criticise but we cannot give any constructive suggestions. They may say as the Poet said,

"Every body can instruct, but cannot instruct himself".

It is to accomplish our purpose that we want to give instructions to Government how to improve matters

The Honourable Sir James Grigg (Finance Member): Thank you.

Maulvi Abdur Rasheed Chaudhury: First of all, my suggestion is that the foreign debt of India which is somewhere in the neighbourhood of 500 crores should be reduced. We have been paying interest on this foreign debt for the last so many years and Britain has taken enough money from India and she should not take any more. I have one suggestion to make for improving our finances and to stop the drain on this particular item

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must remember that there are other Honourable Members who want to speak on the Finance Bill.

Maulvi Abdur Rasheed Chaudhury: The *per capita* debt of India is something like Rs. 45. In the case of Britain it is over Rs. 2,000. So it is easy to raise a loan to pay off this foreign debt. This will give a relief to the extent of about 50 crores a year

The Honourable Sir James Grigg: You pay interest on money borrowed in India?

Maulvi Abdur Rasheed Chaudhury: Yes, I understand that, we will pay interest for the money we borrow in India, but the money will remain in India and with that interest we will be able to build up Taj Mahals and other things. At present all this money is wasted so far as India is concerned.

Then, Sir, there is another method which was suggested by my friend, Pandit Lakshmi Kanta Maitra. It is an admitted fact that the expenditure on administration has no bearing on the income of the country. India is a very poor country, but she is paying for the cost of her administration much more than the richest countries in the world. Therefore, if economy is practised a good deal of money can be saved. We all know that in the Congress provinces the Ministers are drawing only Rs. 500, and they are managing the departments quite well, and although we cannot force the authorities here to adopt similar measures to reduce salaries all round, yet there is a moral obligation on them

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is repeating too much.

Maulvi Abdur Rasheed Chaudhury: They can reduce a good deal of expenditure by reducing salaries all round. Sir, the other suggestions have been made by other speakers, and I do not wish to waste the time of the House by repeating them. With these words, I resume my seat.

Mr. C. N. Muthuranga Mudaliar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I think this is the fifth time that we are discussing the Finance Bill. Although we had not bargained for so many Finance Bills, yet they have been thrown upon us much against our wish, and I do not know how many more Finance Bills this Assembly will have to face. We have the same old finance measures, same provisions, the salt tax remains the same, it is the same old rate of Rs. 1-4-0 per maund, though year after year we have been endeavouring to reduce it. The price of the postcard remains the same as before, namely, nine pies, though we have been urging for the past five years to lower its price to six pies. These enhanced duties had been imposed as an emergency measure as a result of the last Great War, and, although another war is impending, none of these maximum duties have been lowered. In addition to the usual duties, we have been confronted now with two other imposts, the duty on imported raw cotton and the reduced duty on *khand-sari* sugar. I would welcome the reduced duty on *khand-sari* sugar if the definition of a factory had been kept as it was, but that definition has been removed, and it will cause a great deal of hardship to the cottage industry, and so the definition of a factory must be modified. You may say referring to factories, a factory is one which employs ten or more people instead of twenty or more as it is now or you must abolish the duty altogether on *khand-sari* sugar which is a cottage industry. As for salt, for three or four years Government imposed a duty on foreign salt imported by sea, but for the last two years that duty has been abolished. As a result, now that Aden also is not part of India, foreign salt has been dumped into this land and the locally manufactured salt is at a disadvantage. I may mention that last year one factory in the Tanjore District was closed and I am not sure if the imported salt had not its own result in the closing of this factory. Coming to income-tax, I welcome the slab system as being beneficial to the small taxpayers, while, at the same time, the Government is getting revenue from those who are well able to bear it. But I cannot give credit to the *bona fides* of the Finance Member. While I do not want to be hard on him on the eve of his retirement, I cannot compliment him on his achievement. While he wanted to test the *bona fides* of the Congress Party, when the Income-tax Bill was under discussion by removing the distinction between resident and domicile with regard to non-Indian businessmen and thus roped them in with their foreign income, he has secured loopholes to the highly paid non-Indian officials by fixing an exemption minimum of Rs. 3,500 for the foreign income which was really meant for the foreign income of the small trader. But it now applies also to the foreign investor—the highly paid non-Indian officials in India.

Then, Sir, a special Session of this Assembly was held in November last, at an enormous cost, in order to amend the Indian Income-tax Act, and it was so done. Yet, the Government of India has not acquired the right to assess to income-tax pensions paid out of Indian revenues to retired British officials who receive their pensions in England, nor is the interest earned in India on sterling loans of the Government of India

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assessable to income-tax. The Select Committee of this House which considered the Income-tax Bill has made the following recommendation:

"Explanation 2 has not been altered, but the Committee records its opinion in connection with this Explanation that the Central Government should approach His Majesty's Government to amend the Government of India Act, 1935, so as to make pensions payable out of Indian revenues chargeable to Indian income-tax".

Sir, the Honourable the Finance Member who was in charge of the Bill is also a signatory to the Select Committee's Report among others. I do not know what action was taken on this recommendation, or whether any action was meant to be taken on it. In an answer to a question this morning he said that there is no overt act. I do not know what he means by it. Perhaps, it was meant as an eyewash to the Nationalist Members of the Select Committee. But let us wait and find out the *bona fides* of the Government of which Sir James Grigg is a member. While we are precluded from taxing these incomes, it goes to benefit the United Kingdom Treasury. This state of things must be altered and income earned in this country must be liable to taxation in this country primarily.

On the expenditure side, the Government is maintaining a top-heavy administration sanctioning huge salaries and heavy allowances. New offices and new departments are being created, and so-called experts are being imported from abroad. New Departments, such as the Viceroy's Special Secretariat, and the Reforms Office, are created and kept on, though the Federal scheme, according to the Government of India Act, is receding day by day, and it looks as though the Congress will succeed in driving out Federation beyond the borders of India. In no country in the world is the salary of officials so high as in India. While the average income in India is not more than Rs. 80 per annum and that of a Britisher in his land is about Rs. 1,250 per annum, the salary of a Britisher in this land is at least double that of an officer of the same rank in Britain. If we compare the same with that of other countries, it will even be three times and four times the salary in those countries. Besides such huge salaries, they are given the overseas allowances and first class travelling allowances for themselves and their wives and children when they go on leave, which is not very rare. The Indian taxpayer's money is freely distributed by the Finance Member amongst his own countrymen. The Government have appointed committees, such as, the Maxwell Committee, the Wheeler Committee, the Wedgwood Committee, and on the strength of their recommendations, pools of officers from the I. C. S., are being dumped into the Secretariat thus increasing further the cost of administration, and, perhaps, also with a view to tie the hands of the Federal Ministers when such a catastrophe happens. Sir, we want the services to be Indianised for three reasons. First, our self-respect demands that our administration should be carried on by our nationals. England does not get their army experts from Germany, her dairy experts from Denmark, nor her railway experts from South Africa. Then, why dump all sorts of so-called experts from the United Kingdom on Indian shores at such huge cost? As if all sorts of salaries and allowances are not enough, an agitation is going on against the employment tax imposed by the United Provinces Government. Questions were raised in the House of Commons with regard to salary cuts questioning the legality of the same. Another question by the same member was asked, "Whether the Under Secretary's attention has been drawn to the Employment-tax Bill of the United Provinces Government which proposed to make large cuts, by a graduated

taxation, on the officials who have already paid taxes and a request was also made if a grant of disturbance allowance could not be made. The Under Secretary seems to have replied that the question of a grant of disturbance allowance, under Indian conditions, was still under the consideration of the Government of India and he hoped that the consideration would be completed as soon as possible. With what haste things are moving when their own interests are concerned! I may here appeal to all the Provincial Governments to replenish their coffers by imposing this employment-tax in their respective provinces. I hope the Government of India will not commit the blunder of granting a disturbance allowance and burden the taxpayer with further commitments. Another reason why we want Indianisation is to solve, to some extent at least, the educated unemployment and also effect economy in administrative expenditure.

I shall here mention certain items of extravagant expenditure from which alone much economy can be effected. Payments to the Crown Representative amounting to 133 lakhs of Rs. Reckless extravagance is visible in the creation of a political adviser on Rs. 5,000 a month which is wholly uncalled for. Superfluous Political Agents may be conveniently retrenched. Unnecessary medical establishment may also be retrenched. In every State, small or big, there is a Resident and a medical surgeon. They necessarily involve lot of establishment costing lakhs of taxpayers' money and then there are several fancy allowances such as saloon allowances, motor allowances, house allowances, sumptuary and travelling allowances, purchase and repair of tents, maintenance and renewal charges of agency furniture, rents, rates and taxes, liveries and warm clothing and what not. If the Paramount Power needs their services then Briton must pay for them. If the States want them, then the States must pay for them. Why should the Indian taxpayer be burdened with this extravagant expenditure. If these residents and surgeons are appointed one for a number of small States, lakhs and lakhs of taxpayers' money could be saved. Again why should there be a grant to the Mayo College for Princes? Why should Residents travel in saloons? Amongst wholly non-voted heads, the Viceroy's staff, household and allowances amounting to over 16 lakhs is a criminal waste of money in useless paraphernalia. The Secretariat of the Governor General which is a wholly new creation costs 3½ lakhs. Principal Supply Officer, another white elephant, costs, 1.7 lakhs. Another Secretary to the Defence Department also costs another Rs. 45,000. The Ecclesiastical expenditure, another wholly unwanted one, has this time increased from 27 to 81 lakhs. The Bishop costs Rs. 25,600 per year. Chaplains has risen from Rs. 6,600 to Rs. 12,600 this year. With all this huge expenditure the morals of the military men have not improved, witness their behaviour towards the civilian population on several occasions. Expenditure of 187 lakhs on tribal areas is really an addition to the military expenditure sufficient to give a decent pension to every tribal family. In the matter of External affairs, the Government of India have not even nominal control. The 68 lakhs spent on this account must really be borne by Britain. It is merely a subsidy to British Imperialism—subsidy to Nepal ten lakhs, Bhutan one lakh, Muscat 86,400, Diplomatic and Consular service in Iran eight lakhs. All this expenditure is really unnecessary to India.

Another matter which has been engrossing the attention of the Honourable Members of the House is the Simla exodus. Quarters for officials

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and M. L. A.'s have been and are still being constructed in New Delhi at great cost and yet they are lying waste for six months in the year. Further, the exodus of two Governments, one Central and the other Provincial Government of the Punjab makes the Simla Hills congested and all sorts of epidemics, small-pox, pneumonia, typhoid, etc., are rampant there. Last year, the Government ordered the bulk of the Stores Department to remain in Delhi but this year they have ordered the whole office to go. Answers are given to questions that they will leave the matter to the new Federal Government. But that is fast receding to the far off future. Even the holding of the September Session of the Assembly in Delhi is not agreed to. In answer to a question to that effect, the Honourable the Leader of the House has refused to hold it in Delhi on the score that a Session in Delhi is costlier than in Simla by Rs. 50,000. I do not know how this calculation was arrived at. Was every aspect of saving taken into consideration. Have they taken into consideration the saving in the Travelling Allowances of M. L. A.s between Delhi and Simla and the extra income that is likely to accrue by way of house rent from M. L. A.'s, in Delhi. Have they considered the saving to Government by its coming down to Delhi earlier for the Session? And then, Sir, when no conveyance allowance is given in Simla, where it is most needed, why should there be a conveyance allowance in Delhi and that at a differential rate for residents in New and Old Delhi. And then why should Government give haulage charges for cars for such of those as bring their cars? Cars and tongas are available here which can be arranged at a very low cost. The Assembly rules of travelling and conveyance allowances need to be overhauled. They are decades old, framed at a time when conveyances and accommodation were scarce in New Delhi. I appeal to the Government to hold the September Session in New Delhi. I have no doubt that my appeal will fall on deaf ears. Then why keep up this farce of an Assembly and Council of State. Abolish them and rule with the naked sword. We could save the taxpayer the huge cost of travelling allowances and daily allowances to M. L. A.s, the Watch and Ward Department and that of the Assembly Department, which means much, though it would not stand anywhere near the cost of the Treasury Benches and the other departments of Government. Then there is the Defence Department of Government. I am not going to discuss high defence policy which has been discussed so often. Why don't you trust the Indian and appoint Indians for at least the soldier rank, the doctors and nurses and the clerks in the Army Headquarters Department. Why bring in the non-Indian element for even these posts?

The Archaeological Department is one of the important departments from the Indian point of view and yet that department is not properly financed. It is given a stepmotherly treatment. Even the little that is sanctioned is frittered away in unnecessary travelling and other means. Recently one Mr. Wooley with his wife as his Secretary were appointed to visit Archaeological places on an allowance of Rs. 1,000 and Rs. 500 respectively for three months with additional travelling allowance, etc. What purpose their tour has served I am unable to make out. In addition, the Director General of Archaeology accompanied them as their Personal Assistant in North India and the Superintendent of Epigraphy accompanied them in South India. That again is additional cost by way of travelling allowances. What results this three months sight-seeing will

bring about the future alone will show. Sir, this department deserves better treatment at the hands of Government.

The Science Institute at Bangalore is another standing monument of maladministration. Though the object of the Donor of the 1 P.M. Institute is to make the Institute a first class institution to spread scientific knowledge by fostering research work, the Governing Council and other administrative bodies of the Institute have developed prejudices. The whole object seems to be to humiliate the one eminent Indian scientist that the Institute can boast of and raise mediocres to lucrative jobs, who helped them in their endeavours. The Physics laboratory was sought to be removed from its position to an obscure place. But I understand, on intervention from Government, that was stopped but they persist in getting some portion of the block at least for other uses. The Registrar of the Institute has resigned his job, his place having become very hot. The Lecturer in Bio-Chemistry has been raised to Professorship and his term has been extended for four years, two of which he has to spend in foreign lands on deputation. His papers have been referred to expert scientists abroad and his work has been declared to be crude and unscientific. Even the visitor's sanction has not been obtained for this extension which is necessary according to rule 29 of the Institute rules. Many more appointments have been made in the same manner and the students in the Institute are very much dissatisfied with these appointments. Out of 187 students, 124 met, the rest being absent from the station, and appointed a committee to wait in deputation on the Resident of Mysore, who is the Chairman of the Governing Council and make their representations to him and through him to the Visitor. The Budget of the Institute this year shows a deficit of Rs. 30,000 according to one report and Rs. 50,000 according to another estimate while the Governments of Travancore, Hyderabad and Mysore have stopped their grants to the Institute. Even the Madras Government threatened to stop their grant, but, ultimately, it was sanctioned. The Irvine Committee have prepared a Budget with a surplus of Rs. 15,000. While the expenditure on administration has increased progressively, that on research work has progressively deteriorated. The allotment for scientific works during 1936-37 was 18.1; during 1937-38, 15.2; and during 1938-39, 13.6, while the charges for administration were 8.3 in 1936-37, 9.4 in 1937-38 and 12.2 in 1938-39. This matter needs looking into immediately. A Committee must be appointed to inquire into these matters and things set right, or the Government must discontinue their grant of three lakhs given every year. And yet, more and more professors and assistant professors are being appointed and more and more of them are sent on deputation. Where is the need for two officers, a Director and a Registrar? The two can be combined into one and a saving of about Rs. 15,000 can be effected.

Another subject that I wish to refer to, before concluding, is retrenchment in expenditure. During the last few months we have heard a lot of talk about economies being effected in the Central Budget. We have usually seen that all this talk about economy ends in a few clerks and chaprassis being sent out to aggravate the existing unemployment in the country, while the officers at the top are not in the least affected and, in addition, a few experts are brought out from England to diagnose our troubles. I suppose the same thing will happen now. One hears rumours about certain sections of the Secretariat clerks being cut down and the

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present incumbents reduced to routine division though they may continue to get their present salaries. On the other hand, the number of officers, mostly from the I.C.S., is being increased in the various departments—notably in the Defence Department and the newly-constituted Governor General's office. The deterioration in the pay and prospects of Indian clerks and assistants in the Secretariat appears to be progressive, while the Imperial Services are not in the least affected or their number reduced. One would have thought that in common decency the very first thing to come under review would be the notorious *Lee loot*. On various occasions questions have been asked as to the total amount involved in this so-called concession which was given at a time when prices were ruling high. But answers have been consistently refused, or, if given, have been very vague. It would be interesting to know from the Finance Member the total amount involved year by year in this concession which extends not only to the I.C.S., but also to the Railways and other services including the newly-recruited experts. I personally think it will easily amount to a crore and a half if not more. And any honest Government in search of economies would first abolish these Lee concessions which are given in addition to very handsome scales of pay. But no. The Imperial services must not be touched. The clerk who is getting Rs. 80 or Rs. 100 should have his meagre pay reduced. Even his post should be abolished! But these foreigners, who are already getting pay beyond our capacity should continue to get more in the way of allowances and concessions and these must not be touched. Nothing shows more clearly the utterly callous and hypocritical attitude of our present rulers than the continuance of these concessions. Will the Finance Member inform us if his Government have even moved their little finger to address the Secretary of State in the matter? I should be very surprised to hear they have. I would even go further and say that on this one ground the Budget should be thrown out. Let them go on giving themselves more pay and more allowances, but let us not be a party to anything they may do or give it a seeming legislative sanction. Let the ugly truth of exploitation appear in all its nakedness and let us not give it a covering of rags in the shape of demands for a few clerks here or a few subordinates there.

Another matter concerning defence is as regards the British military hospitals and the nursing services attached to them. Compared to the comforts, if any, and the service which the Indian soldier gets, the British soldier in India, from the Tommy to the General, are indeed well served in this respect. It would be interesting to know how many hospitals are in practice exclusively reserved for the British soldier with exclusively European doctors and European nurses. One would have thought that with the large number of unemployed doctors in India and the ever-growing clamour of the Anglo-Indian community for maintenance of especial privileges, these two should be able, between them, to supply the needs of the British soldier. But I suppose the claims of the British unemployed are more insistent. I find from the Indian Army List there are more than 800 women in the Military Nursing Services out of whom I do not see that there is any Indian or even an Anglo-Indian. How much work these women have, if any at all, in the various hospitals where they are posted, is a mystery to the ordinary man in the street,—who has, however, to pay very handsomely for these foreign importations.

Again, in what is called the Indian Medical Department—below the Indian Medical Service—I find that there is not a single Indian in the Assistant Surgeon's grade: I suppose this is exclusively reserved for the Anglo-Indian community and I should like to know the reasons for this monopoly. There are no Indians either in the Ordnance Corps as officers or in the Military Farms Department. This sickening hypocrisy of Indianization in the Army has gone on now for a number of years with absolutely no results and it is time a little honesty was introduced into the business. We do not want to have these white-washing committees appointed every now and then to judge of the pace of Indianization. What we want is a definite statement of whether the British element in the Indian Army, in the various branches, is going to be replaced by Indians, and if so, in what period. A statement like that would be of some use, so that we may know where we are. Vague mouthings and false hopes have deluded us so far and I would frankly say that we thoroughly distrust every committee that may be appointed by this or the Home Government: they do not want any curtailment of their vested interests and unless they are forced to give up, they are sure to fight till the last ditch. But I would plead for a little honesty in the matter. Let us know where we are. Let us know whether our sons will have any chance of being trained to defend our country and replace the mercenaries who are now imposing themselves on us without our consent. On these and other grounds, Sir, I appeal to the House to throw out this Bill.

Mr. Sami Vencatachalam Ohetty (Madras: Indian Commerce): Sir, I think my Honourable friend, Sir James Grigg, must be grateful to this House for one reason and that is that this is the first Finance Bill which has received constructive criticism from the Opposition. I hope, Sir, this friendly gesture of the Opposition will be reciprocated by the Honourable the Finance Member in even understanding the masterly exposition, of my esteemed Leader, of the skeletons in the cupboard of his Budget. Sir, it is said of Sir James Grigg that by nature he is suspicious of strangers and that the one thing he hated most was being duped. I have no doubt that this attitude of his has developed in him a trait of character from the defensive to the aggressive. From that of protection against being duped by others, he now seems to have taken the aggressive act of trying to dupe others. In the Income-tax Act he has received the whole-hearted support of the Congress Party on the ground that the additional revenue that is expected from the amendment of that Act will go to the benefit of the provinces. I have no doubt that he has always been quite sincere in trying to provide funds for the provinces, for I have often heard that statement being made by the Honourable the Finance Member in respect of one taxation measure or another.

Mr. M. S. Aney (Berar: Non-Muhammadan): Do not dupe yourself by calling him sincere on that point.

Mr. Sami Vencatachalam Ohetty: And it is perhaps with that view that he has attempted to bring a workable understanding between the Centre and the provinces by a conference of the Finance Ministers of the provinces and himself. Sir, I share the regret that the Honourable the Finance Member has felt that the conference has not been successful. In fact, the schedules of the Government of India Act seem to afford a large scope, indeed, to the provinces and the Centre to try their conclusions with each

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other in respect of taxation. In fact, the prospect of this conflict appears to be very interesting if, in between this conflict, the taxpayer is not taxed out of existence by this unseemly race of taxing the already over-taxed taxpayer between the provinces and the Centre. If this state of affairs should continue, it appears to me that the financial breakdown of the provinces and the Centre seems to be more imminent than the constitutional breakdown, for which the Congress Party has set its heart. I hope that if it is the desire of the Government to avert the constitutional breakdown, they will take all steps possible to avert this financial breakdown. The only way I could see of averting the financial breakdown is to make the people responsible for running the administration in the Centre. What I mean to say is that we must be put entirely in charge of the finances of this country in order that the administration may run smoothly. It is true that there has not been any large increase in the allotment of funds for the defence expenditure.....

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member may stop here and continue his speech after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock Mr. S. Satyamurti (one of the Panel of Chairmen) in the Chair.

Mr. Sami Vencatachelam Chetty: Sir, I was saying that under the Defence expenditure, though there was not a large increase in the volume of money allotted to it, one has to remind oneself of the fact that the Budget has not received the credit reaction of the sums remitted by the British Government and also by the transfer of certain units of the army to British Exchequer. Thus the defence expenditure has, in reality, increased enormously. Sir, on the one hand we find the ever increasing expenditure under defence, while on the other hand we are confronted with schemes of reclamation of drink intoxicated people. For these two schemes enormous sums are required, and the Central Government and Provincial Governments one after another turn to the already overtaxed people for further taxation. I do not know when this vicious circle will end and when some sort of security of a fairly contented economic life would be possible for our countrymen. Having regard, however, to the international situation, it is undoubtedly necessary that the Government should be requiring larger and larger sums of money for defence in order that our army, navy and air force should be completely modernised and equipped adequately for the protection of this country, against foreign aggression, but, Sir, I don't see how we can be persuaded to agree to the ever increasing demands of the defence expenditure, in so far as there is no chance of getting any return for this expenditure under defence. Our navy is not ours, our air force is not ours, and our army cannot be officered by our nationals. Therefore, if it is the desire of this Government to protect this continent of India from foreign aggression and safeguard the country being turned entirely hostile to themselves, the Government should take more liberal attitude in preparing the people to defend this country. It is an unwise and short-sighted policy to keep our people entirely at a distance from sharing the secrets and responsibilities of the defence of our country. It seems to me, Sir, that the British foreign policy is more anxious to appease the

enemies than to befriend and enter into a lasting friendship with their own allies.

Sir, the next in importance to which the Honourable the Finance Member has referred in his proposals—supplementary speech, is the doubling of taxation on imports of raw cotton. He was anxious that this House and the country should not misjudge him, that that was a step which he took up to hit his pet aversion, the protected industries of this country, and, therefore, it was that he said that he was neither taking credit for giving a fillip to the cotton grower nor trying to hit the protected industry by this taxation. He wanted to make it appear that the step he had taken was only for the purpose of revenue and also for meeting the deficit of about 50 lakhs. Now, Sir, I venture to think that he will not dispute the proposition that in respect of any fresh proposal for taxation for the purpose of meeting a deficit, he has to convince the House (1) that there is a real deficit (2) that the revenue under the proposal he is making would be just sufficient to meet the deficit, and (3) that that proposal would not transcend greater and more serious considerations in the taxation or protection policies of the Government of India. Applying these tests to the present proposal, I am afraid he has not complied with any of these tests. In the first place, Sir, with regard to the reality of the deficit, it would be really superfluous for me to add to what has been stated so well and so ably by my Honourable Leader. One has yet to hear an answer to that. If it should take so much time to prepare an answer for the charge made by the Honourable the Leader of the Opposition that this deficit is a fictitious one, I should consider, Sir, that the answer will be very unconvincing later on. I expected that soon after the Leader of the Opposition made that charge some one on behalf of Government would at once repudiate it if that was possible so that the discussion might proceed on the basis that the deficit was a real one. Then, secondly, as regards the anticipated revenue under this proposal, according to the Finance Member it is about 55 lakhs. Sir, I do not know how he has arrived at that figure; but if that was based on the number of bales which had arrived last year, namely, about 700 thousand bales of either 500 or 400 pounds each, the estimated revenue at half an anna per pound which is the increased taxation would be about 109 lakhs. I do not know how in face of this figure he said that 55 lakhs was the expected return. Probably he thought that when the tax is raised there would be some diminution in the imported quantity and that, therefore, there would be diminution in the expected revenue also. Here he is at the cross-roads of his argument. If he really wanted only 50 lakhs and did not really intend to seriously affect a protected industry I am sure his vigilant eyes would have set on other kinds of taxation. For instance, I am not able to understand why steel has escaped his attention. Compared to the returns of profit on textiles with those on steel I find that the returns on steel are very much larger than the returns on the textile manufacturing concerns. Moreover, if you levy a tax on steel there will be no room for misunderstanding the honest intentions of the Finance Member that he was trying to hit a protected industry, for the mere reason that the foreign competition is not so much in steel as it is in textile industry.

Now, Sir, with regard to the importation of raw cotton I am afraid the Finance Member has not taken the trade or the industry into confidence and discussed with them the several aspects of this question before he decided to levy this tax. In any case.....

The Honourable Sir James Grigg: Before the budget, or after?

Mr. Sami Vencatachelam Ohetty: Before the budget. Why I say that is this. I do not know if he had consulted his colleague, the Commerce Member, on this matter. He is quite aware that the Indo-British trade agreement proposals are under negotiation and he is quite aware that textiles form the most important subject of attention, negotiation and settlement. A prudent and an honest financier would have consulted not only the trade and the industry but also the repercussions that would follow an agreement that is going on in another department of Government. Now, Sir, of the four countries which export cotton to India, namely, Egypt, South Africa, Uganda and America, he must have noticed that the only cotton that can find some equivalent or the nearest equivalent in Indian variety is the American cotton. So far as the cotton from other countries is concerned, the staple of those varieties are far longer than of the Indian varieties. The maximum staple length of Indian cotton is about 15/16" even with 4-F or 43-F or 288-F, whereas the average staple length of the imported foreign cotton of the other three countries than America is 1,1/16th inch. And he must also know that in spite of the best efforts that are made by the Indian Central Cotton Committee, they have not been successful in creating a cotton which is equivalent to the Uganda or the Egyptian cotton. Sir, the Finance Member in one of his statements said that the Bombay merchant was so busy buying American cotton that he had no time to bestow his attention on Indian cotton. It is well-known that the price of Indian cotton is dependent entirely upon the world prices and, particularly, of America. The American cotton market is subject not only to commercial considerations but also to many extracommercial considerations. There have been plans and deals and schemes of the American Government which cause great surprises in the cotton markets of the world. Therefore, it is not surprising that the price of Indian cotton reacts very sensitively to the prices of American cotton. And it would be a wrong charge to level against the Indian industrialist that he has neglected Indian cotton in preference to American cotton in spite of the attractive prices of American cotton. Sir, you would notice from the report of the Economic Adviser to the Government of India certain conclusions on the quality under the yield per acre of Indian cotton as compared to the American cotton. Indian cotton has deteriorated in the yield per acre by about 10 per cent. while American cotton has improved by 100 per cent. The deterioration in the yield per acre does not rest with the mere quantity. It also reacts upon the quality of cotton. I should not be surprised that the Indian cotton in relation to the diminution of the yield has considerably deteriorated in quality as well. Still, the Indian industrialist has taken large quantities of Indian cotton and you are also aware, Mr. Chairman, that owing to Japanese hesitancy to buy Indian cotton more Indian cotton was available for the Indian industrialist: so much so that on the whole he took 250,000 bales more than the previous year. Every mill was working to its fullest capacity and some mills have had double shifts also. You cannot say, therefore, that the Indian industrialist has really neglected Indian cotton. The mills were very busy.....

The Honourable Sir James Grigg: Making losses!

Mr. Sami Vencatachelam Ohetty: I will tell you. In fact there should have been considerable improvement in the number of mills had the concerns been assured of some certainty with regard to the Provincial

Governments' attitude towards labour troubles, towards taxation and towards several other matters. There was uncertainty prevailing all over. At any rate so far as the Bombay mills are concerned, I see from the returns that they were trying to recover the losses which they had sustained in previous years. Why I state all this is that there has not been any criminal neglect on the part of the Indian industrialists to take Indian cotton and to prefer American cotton for the mere sake of it. You will find that corroborated by the subsequent figures of imports of raw cotton. You will find that in the ten months from April last to January of this year there has been considerable reduction in the imports of American cotton into India, and it will continue to be so, so long as the prices are not favourable and so long as Indian cotton is available. Therefore, if today the Honourable Finance Member is asking the consent of this House for the imposition of an increased duty on raw cotton, on the plea that American cotton is coming in larger quantities and that that cotton could easily be substituted by Indian cotton, that is only a smoke-screen because the American cotton would stop coming in once there is a difference of at least a rupee in price. Therefore, the effect of this will be a duty on cotton which you necessarily require for your industries, namely, long staple cotton. Sir, I am glad to say that the Indian textile industry has improved very considerably in quality. In fact, Indian shirting cloth is now very largely popular not only in India but also in other countries—such countries as are accessible to us by the generosity of this Government. The mills have been equipped for a particular purpose and for weaving a particular kind of cloth. Large sums of money have been invested in regard to the buying of machinery and installing modern equipment for that kind of cloth. This duty will certainly adversely affect further improvement or the maintenance of the reputation which the Indian mills have secured in the manufacture of shirting cloth. So, all this leads one to the conclusion,—however emphatic his denial is in regard to his pet aversion—that there must have been some lurking desire to give a parting kick to this textile industry by means of this doubling of the taxation.

One other device which he generally adopts in putting down into the throat of this House any unpopular measure is to invoke the support of those who claim to represent labour, or the consumer or the Kisan in this House. I am sure my Honourable friends, who represent these classes, will as usual walk into his parlour, but I must tell them that they are not doing any service whatsoever by agreeing to this taxation. In the first place, it is not intended and it can never act as a filip to the Indian agriculturist to grow cotton similar to the one which is imported and which has to be imported on account of the paucity of long staple cotton in this country. I beg of those Honourable friends to scan every aspect of this question before they think that the Finance Member is really doing some service to the cultivator. I am sure the Indian textile industry will not be averse to encourage the Indian cultivator to grow finer cotton because he requires it even for making his own profits. I hope that the kisans' representative, at least, will be shrewd enough not to walk into his parlour. As for the labourers, I beg of their representatives not to misunderstand the Indian industrialist.....

The Honourable Sir James Grigg: I do not think he does.

Mr. Sami Vencatachellam Ohetty: For one thing, if he helps this Government to take another crore of rupees from the trade of this country he is by no means helping the labourer for whom he is standing as a champion.....

Mr. Chairman (Mr. S. Satyamurti): May the Chair suggest to the Honourable Member to conclude? He has spoken for forty-five minutes now.

Mr. Sami Vencatachellam Ohetty: This crore of rupees is going to be put again into that bottomless pit of the Indian treasury. The labourer is not likely to get a pie out of that, but there is every chance, either by coercion or by consent, to get something out of the Indian industrialist if he is allowed to retain that money. So, at the worst let him fight the Indian industrialist and give more to the labourer than to allow this money to be taken away by Sir James Grigg so that not a single pie would see the light of the day for the benefit of the labourer. I, therefore, hope that the Honourable the Finance Member will see the reasonableness of the case we have made out, namely, that there has been no deficit for which he has got to find money, that the revenue that is expected by this taxation would be double and that in any case this taxation would affect the staple industry of this country, namely, the Indian textile industry.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, it will be proper if I try to strike a balance sheet of the stewardship of the Finance Member for the last five years in respect of finances of India. Thanks to the heavy taxation policy which Sir George Schuster introduced, and to which for the first time he so generously acknowledged, the Honourable Sir James Grigg has managed so far to maintain not the credit of India but the credit of the Government of India. He is proud that he has maintained the credit of the Government of India but not of the people of India. In that he has been helped, thanks to the deteriorating trade, by the flight of gold to which he made no allusion and his speech was so brief that he could not make any allusion to any extraneous matters. Thanks to Sir George Schuster's high taxation policy, and thanks also to the flight of gold, he could maintain a balanced budget. Of course, he also had a little windfall by pleading with the British War Office for relief in army expenditure. In the concluding portion of his budget speech he said:

"And I would like the last words of my last budget speech to be simply a restatement of the obvious truth that without political reconciliation—the word appeasement has perhaps become too hackneyed—Central and Provincial Governments alike in India must fail in the great task allotted to them of raising the standards of life of the people".

He did not like to say all what he felt. Probably in another place when he goes to the War Office, he might talk to his friends and stand by the despatches he wrote to the War Office about reduction of army expenditure of India and get larger contributions from the War Office. The newspapers say that he is going as Under Secretary to the War Office. Will he stand by his signature to the Despatches that he has sent from India as Finance Member or will he sing a different tune when he examines those proposals as Under Secretary to the War Office? I hope he will make his position clear, whether he will stand by the Despatches he sent from India.

He has not developed the credit of the people of India. How can he develop the credit of India when the trade of India has fallen, when India's commodities have no foreign market at all. Of this we will hear more when we discuss the Indo-British Trade Agreement next week. The result of that last trade agreement has been that our trade with foreign countries has been stifled and England has been benefited, that India has been left with very little money and, therefore, people have lost their purchasing power. Hence there are less imports and no wonder that customs receipts are falling every year and, I am afraid, in future, such fall in customs receipts will be a permanent feature.

Sir, when my Honourable friend, Sir James Grigg, came here, some of us expected that with his freshness of mind, with the new type of financial outlook which he brought on the floor of the House, there would be clear planning of taxation and real planning for the prosperity of India.

Mr. N. M. Joshi (Nominated Non-Official): But does he believe in planning?

Mr. Chairman (Mr. S. Satyamurti): It is not right that Honourable Members should put questions across the floor to the speaker who is addressing the Chair. If any Honourable Member wants to put questions, he must get up and put the questions through the Chair. The Honourable Member, Mr. Das, will proceed with his speech, without taking note of these interruptions.

Mr. B. Das: We all felt that Sir James Grigg would bring a new planning of taxation and new hopes for the prosperity of India. But all those hopes have been belied. He did not think of the prosperity of the people of India. Thanks to the Government of India Act, 1935, he has transferred his burden to the other shoulders. He tried his utmost and he tried his best to meet the requirements of the Government of India's additional expenditure under certain heads that were the necessary concomitants of the new Act, and he asked the Provincial Ministers to fend for themselves.

Belonging as I do to one of the poorest provinces, namely Orissa,—it has got no resources to spend on the development of the Province—I should like to examine whether the Finance Member could not have done something whereby he could have brought more money to the coffers of the provinces so that they could develop their nation-building departments.

Sir, this is not the first time, but I think this is the fifth time that I am again alluding to the fiscal policy of the Government. They have no scientific planning, no scientific fiscal policy. There are commodities which ought to be taxed and which ought to bring more revenue to the Government of India. But because those commodities and those products are the special monopoly of either the Britishers or the foreigners, the Finance Member and the Government of India are afraid to tax those commodities. A year hence India will get the benefit of the termination of the Indo-Burma Trade Agreement and India will get full value of the excise duty on petrol and kerosene which Burma is enjoying free now. Looking at the balance sheets of the oil companies, the Burma Oil Company and other companies, one can easily say that those companies need no protection

[Mr. B. Das.]

and they ought not to have been given the protection of five pies per gallon. If he would have equalised the import and the excise duties on kerosene the Government of India will derive a benefit to the extent of 1½ crores and all this sum could be distributed to the provinces.

It is true that section 140 of the Government of India Act lays down that when Federation is inaugurated, the Federal Legislature will legislate for the distribution of the excise duty. But that does not mean that the Government of India cannot put excise duty to meet the exigencies of circumstances. Although I hold orthodox views in matters of finance and taxation, I feel certain that in surveying the taxation position of India that the time has come when the Government of India will live more and more on excise duties levied on products of India. India has been trying to be self-sufficient in various commodities. Sugar, India buys very little from abroad and the Government of India collect a good amount through excise duty on sugar. When the Government wish to collect excise duties from protected industries, Government must be honest and see that they do not give a chance to foreign manufactured goods. They must, simultaneously, enhance the tariff on imported goods so that no hardship may fall on Indian products. That, as my Leader pointed out, is our charge against this doubling of the duty on imported cotton. I was one of those who, four to five years ago, maintained that the cotton duty should be enhanced. But as the Indian millowners have taken advantage of the imported cotton and have enhanced the production of finer counts, they should not be put under a handicap and United Kingdom, Japanese and other foreign goods should not be allowed to capture the market which my millowner friends have created in India during the last five or six years. Therefore, the proper scientific system should be that there would be a corresponding increase in tariff on the finer counts which are imported into India.

I have suggested before, and I again suggest now, that cigars and cigarettes, which are manufactured in very large quantities in India, should bear an excise duty. Because the Government put a heavier duty on imported cigarettes, cigarettes are manufactured in very large quantities and these are also exported to neighbouring countries outside India. Cigars and cigarettes are luxury articles. Why is it that the Finance Members, for the last five or seven years, have been afraid of levying an excise duty on cigarettes? They will get at least fifty lakhs thereby. No doubt tobacco taxation belongs to the Provincial Governments; Provincial Governments can tax tobacco and *beedi*, but the Government of India can easily tax cigarettes and cigars which will bring a good amount of money and the amount may, under the present system, well be distributed to the provinces. I do feel that the Finance Member has been very orthodox in matters of taxation. He has not explored the avenues of taxation whereby those who can pay must pay. Of course, he has done a little in the field of income-tax, but whether the additional receipts will be less than a crore, as the Finance Member has figured, or three or four crores, as my Leader has said, that would only bring a certain moiety for distribution to the provinces. But the present Finance Member or his successor or the Federal Finance Minister must explore the ground to see how they will increase the central taxation so that the provinces may get adequate resources for development and expansion.

Yesterday, I noticed my Honourable friend, Dr. Sir Ziauddin Ahmad, suddenly travelling from the field of the budget into the field of the Press. Politicians cannot control the number of lines that the press must give them in their papers or in their news agency. I am sure that the press agency and the newspapers do their duty. They have a standard and they follow that standard according to the merits or otherwise of the speech of the speaker concerned. It is rather hard that we should dictate to the press the number of lines that we must get in the news columns or the newspapers. I think Honourable Members ought not to dictate to the press.

Sir, I do hope that the Finance Member will reply to the points that have been raised by my Leader about the salary cuts.

The Honourable Sir James Grigg: I will.

Mr. B. Das: Then, I will leave it at that. I stated a few minutes ago that I must plead on behalf of the provinces. I do hope that he will realise that the provinces are trying to develop their resources but they are tied down under the Government of India Act and the high-handed powers of the Finance Member. Therefore, I would conclude my observations by saying that the Finance Member has treated the Government of India well, but he has done very little for the people of India. And if he has something up his sleeve, and when he delivers his final speech if he will tell us what benefit has accrued to the people of India, Sir, on a subsequent occasion I will be able to thank him.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): We have heard two very eloquent speeches criticising the budget, specially from Members who either are themselves capitalists or who plead for the capitalists or who have some interest in capitalism. But, Sir, we come here from a constituency which is full of poor people and the village community, and it should be our duty to represent the claims of the poor people. It is not that we do not want that capitalists who want crores and crores should not be taxed, we do not want that super-tax should not be put on people, but we want and certainly the country hopes that the Government will consider more and more the case of the poor people.

Sir, this year's Budget, it is said, is somewhat under-estimated. Now, so far as the question of under-estimate is concerned, it is not my duty to show how it is under-estimated. It has been sufficiently exposed, and there does not remain much for me to show in what respects it has been under-estimated. But, Sir, I want to say this that the present Budget is absolutely devoid of any concession to the poor people; it is a blank. No attempt has been made to reduce the former duties, no attempt whatever has been made to reduce the burden on the poor people. Of course, it may be said that, so far as *khandsari* sugar is concerned, Government has put the duty to eight annas, but I would deal with that later on. For the present I shall confine myself to the question of high salaries which are paid and which tell heavily on the diminishing resources of the country. The burden of foreign experts from outside is increasing from day to day. Only the other day I was told that in the Imperial Council of Agricultural Research Institute, the Government is going to import a number of experts from outside, I believe they are going

[Mr. Muhammad Azhar Ali.]

to get out about six or seven experts. It is not only there that we have to complain of this, but practically every department seems to be short of experts. What a pity that after the expansion of these Government departments, still we should find the need for importing foreign experts, that the Government of India are devoid of experts. Of course, if new questions had cropped up, if Federation had been ushered in or if new ground had to be broken, perhaps the public would have swallowed this morsel of bringing new experts, but, Sir, this Constitution has been functioning for the last so many years, and yet, the Government of India should stand in need of foreign experts is really a surprise to us all. Departments may be expanding, but I am sure that as these departments are expanding the Indians working in those departments must have been sufficiently trained to discharge the duties of these foreign experts. Now, Sir, when Finance Members are about to depart, they give India a parting kick. We remember the days when Sir Basil Blackett threw down the ratio as a bolt from the blue. The same is the case now. This time when our Finance Member is about to go,—fortunately he is going there with an employment, with some emoluments in his own country, it is unfortunate he has not thought of doing anything for the poor people of this country, and he never considered the requirements of India. He has also given a parting kick, as my friends, Sir Cowasji Jehangir and others, who know more about the subject, have explained to the House, in respect of the doubling of the duty on raw cotton. My friends have explained already how this duty on cotton will be ruinous to the country. People in India mostly depend on their income from cotton. I am sure if the Honourable the Finance Member had not imposed this cotton duty, he would have served the country better. The fact is that they never care to listen to our appeals which are made from this side. They come here with notions of their own; they don't go into the country; they may travel from here to Bombay by train and quietly return by the same route by train; or they may go to Simla from here and again come back, but they do not care to see the real economic condition and poverty of the people of our villages. Even his subordinates do not know anything about the actual condition of the people in the villages. Can the Finance Member or his subordinates tell us that they have been travelling from village to village or from town to town? Of course, they are all apprised of the price conditions in India by local officials, but they also really don't understand or fully realize the position of the poor village people. When we make appeals here, they are brushed aside. We place before them facts and figures, but our friends opposite regard our facts and figures as faked or fictitious figures having no bearing whatsoever on the figures which they embody in the Budget. Such budgets are really not prepared in the interests of our country; they are prepared in the interests of the foreigner and the highly paid officials. My friend, Mr. Das, who just spoke, said that he wants new duties for the provinces, but I am sorry I have to differ from his view. Fresh duties may be of very great importance to the provinces, but the provinces will look after themselves, and I am sure the provinces are looking after their finances very well. Sir, I am opposed to the levy of fresh duties; I am entirely for the reduction of expenditure. Every year we come before this House and ask that army expenditure should be reduced, that higher salaries should be reduced, as the only way of balancing the budget, but no attention whatever is paid to our requests.

Then, Sir, the next subject I wish to deal with is *Khandsari* sugar. It is one of those cottage industries on which Sir George Schuster, when he was about to depart from India in 1934, said, he would not like to impose any duty

The Honourable Sir James Grigg: I would be very grateful if the Honourable Member will explain

Mr. Chairman (Mr. S. Satyamurti): Order. order. The Honourable Member should either resume his seat or not give way.

(Mr. Muhammad Azhar Ali resumed his seat.)

The Honourable Sir James Grigg: I would be very grateful if the Honourable Member will explain the largest number of employees which constitute a cottage. How many employees should you have to constitute a cottage?

Mr. Muhammad Azhar Ali: I am sorry I have not brought the census book with me, otherwise I would have very gladly supplied the Honourable Member with the information, yet 20 men will be enough or more.

The Honourable Sir James Grigg: I am asking him his own opinion. I wish him to define, in order that I might be in a position to answer his argument, the maximum number of employees which constitute a cottage.

Mr. Muhammad Azhar Ali: My submission is this. Just as my friend has put me a question, I should like to put him another question. Has my friend ever seen in any village how *khandsari* sugar is made? May I know if my friend has ever visited any village and seen for himself how from sugarcane juice *Rab* is prepared, and how many people are engaged in that cottage industry?

The Honourable Sir James Grigg: I know it quite well.

Mr. Muhammad Azhar Ali: I am sure he has not seen it, and he cannot say how many people are engaged in making *Rab*

The Honourable Sir James Grigg: I know it quite well.

Mr. Muhammad Azhar Ali: My friend has levied a duty of eight annas on *khandsari* sugar. I shall just read out to the House what Sir George Schuster said on the floor of this House, and if that will not be a sufficient reply to my friend's question, then no other reply can satisfy him.

He said in 1934:

"We have had perhaps more discussion about the position of the *khandsari* sugar makers than about anything else. We do not, and I say this quite definitely, we do not want to do anything which is going to stamp out a genuine agricultural industry. So far as it is a small cottage industry, we recognize that it is serving a very useful purpose in areas where cane-growers have got no other markets and we do not want to stamp out a genuine cottage industry."

Sir, after this statement, he said:

"We thought that the soundest thing to do was to adopt the definition of a 'factory' from the Factory Law and to work on that and it remains to be seen what that will produce, but one thing I can say and that is that we do not intend that the Act shall be administered in such a way as to drive out of existence the small cottage concerns."

[Mr. Muhammad Azhar Ali.]

Sir, my contention here is only this much that the *khandsari* system of making sugar is a cottage industry. Does my friend dispute that it is not a cottage industry? I hope not, and he does not in fact know what the system is. He does not in fact know how people live under this *khandsari* system in the villages, and, therefore, he has absolutely no sympathy, he does not realize the conditions in which the poor people work in order to make *rab*, *gur*, and sugar. Sir, sugarcane is one of those crops in India which was at one time capable of paying the whole of the Government rent and revenue and ever since these duties are being put on it and ever since these big mills have been started, the poor cultivators do not find enough money for themselves to pay the Government revenue or rent and, therefore, you find all this discontent in the whole of this country. Now if my Honourable friend is going to put an eight annas duty on the *khandsari* sugar I can assure him that people in India will not bless him but they will say that it has been another cause of more discontent in this country because the people will not be able to pay their rent and revenue to the Government and, I am sure, that Government will be sorry when the peasant is forced to start the non-payment of rent and the Zamindari system is forced to start non-payment of revenue. That will be a very sad day for the Government and then the people will remember Sir James Grigg not as one of the benefactors of the people but as one opposed to benefaction. Sir, the fact is that the margin of profit, in the case of *khandsari* sugar, is very very low. People, after cutting the sugarcane, crush it and then after crushing it they take it to towns or to places where there are *khandsars*. It has been so translated into English that you call them factories but they are not factories at all. These *khandsars* are situated in very small houses and the poor villagers take their sugarcane to these places after crushing and make it into *rab* and from *rab* it is turned into sugar. Sir, there are hundreds of these villagers and cultivators, small people who are landless. They work in these *khandsars* and in crushing sugarcane. It is not there in the mills that this sugarcane is pressed. They are very small either country-made machines mostly on my side; or they are made in Cawnpore and they are also now being deprived of the sale of these small machines because of these big factories

The Honourable Sir James Grigg: Do I understand the Honourable Member to say that most of this is made by Cawnpore people in country cottages

[The Honourable Member Mr. Azhar Ali was still standing and did not sit down when the Honourable Sir James Grigg made the interruption.]

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member, Mr. Azhar Ali, must give place to the Honourable Member, Sir James Grigg, and reply, or he must not reply to his interruption, if he does not wish to give way.

Mr. Muhammad Azhar Ali: It is not only in Cawnpore but in Bombay and other places. Formerly, these small crushing machines were made, but now they are quite different things which are being put up by millers. Formerly, it was only two to three bullocks or two to three people that were required to crush the sugarcane but now the conditions are changing.

They have to take the stuff far away from their fields and the result is that they have to pay for the cartage and things like that and the charges, etc., are very much onerous to the poor villagers growing sugarcane; so the consequence will be that if you put this eight-anna duty on *khandsari* sugar the people will be giving up growing sugarcane more and more, and, as I told you just now, the result will be that Government revenue and the landlord's rent will not be paid and you will be sorry for that day. Sir, it can be said that the burden is shifted on the consumer. But I do not stand here only to plead the cause of the cane-grower or the villager; I also stand to plead the cause of the consumer. If the burden falls on the consumer or if the burden falls on the cane-grower, both of them are poor people, they are not at all rich; because the rich people do not generally use this *khandsari* sugar; they use the sugar made by the big mills and that imported from outside, very fine sugar, so, the result of imposing this duty on the *khandsari* sugar will be that much unemployment will happen in this country. Sir, now I shall take up another subject of concern for the poor man and that is salt.

The House knows how the Honourable the Finance Member has always been opposed to the policy of protection. Sir, the Act XIV of 1931 was passed as a measure of protection to the Indian industry but the Act expired on the 30th April, 1938, and ever since what has been the result? I am just going to explain before the House. The Tariff Board recommended a maximum selling price at Rs. 63, 11 annas per hundred maunds. The lowest price was fixed at Rs. 50 from 1934 and that was of great benefit to the consumer. If my friend wants, I can quote from the figures which I have been reading out from books before the House just now. That was of great benefit to the consumer, inasmuch as from 1862 to 1930 the price was as high as Rs. 80. Sir, if we compare the figures for 1930-31 and for 1937-38 of the imports of foreign salt before protection and after protection, we will find that in 1930-31 it was 3,27,028 tons and in 1937-38 it came down to 36,688 tons only. Every year we find that foreign salt was decreasing and it was in the interests of India that it was so decreasing and the produce of the mainland salt was increasing. In the same manner, if we compare the imports from mainland sources and other sources, then we find that the imports from mainland sources from 1930-31 are 43,645 tons and from Aden 1,65,119 tons. This was the period when there was no protection. In 1937-38, under protection, from mainland it is 24,518 tons and from Aden it is 2,55,931 tons. In 1938 the Government withdrew the protection when there were 18 salt works in full working order at a cost of 75 lakhs of rupees and they could meet the full requirements of the country. But the pity was that these concerns had invested all their money in their works and had no reserves of their own whereas the foreign concerns had their own reserves, because they are run by people who have got tons of money to spend on competition with Indian salt makers. The result was that they could not stand the competition. As they could not stand the competition, thus from 1st May, 1938, to 15th February, 1939, of the total requirements 60 per cent. imports are foreign and only 40 per cent. is from mainland resources. Because the Indian workers could not compete with the working of the foreign people, the result was that they ceased to provide as much salt as was required. The ultimate result has been unemployment and if conditions go on as they have been going on in the past, I am sure not less than 60,000 people will be out of employment. It is not a question of unemployment only, but it is a question of starvation of the Indian people and the Indian

[Mr. Muhammad Ashar Ali.]

villagers. Therefore, if the figures which I have stated before the House appeal to the Honourable the Finance Member, I hope and trust that he will restore and re-introduce the protection of this salt duty.

Now, Sir, I come to another point and it is a matter which concerns the minorities in India. It has nothing to do with the Finance Member. I refer to the Census. I am informed that in future the Government of India census will not be taken on that scale at which it used to be taken some years before. The policy has somehow been changed to the detriment of the minorities. The figures that will be given now, I am told, will not be so detailed as they used to be before, with the result that the minorities will be adversely affected because they will not know their true number. Times are approaching when both the sexes will be fighting for their representation in this country. If the figures do not represent every community, every caste and every tribe in the census report, I am sure the minorities will not be able to get their proper representation according to their needs and according to their population. Therefore, I ask the House to consider this fact and ask the Government to give figures for every community as they did in the previous years. These census reports are always of very great value not only to Members on this side of the House but they will be of great value to the Government when they are approached by smaller communities and by smaller people of this country. These figures ought to be of very great value to every section of this country. It is not only for the sake of the Mussalmans that I want these figures but I want them even for the sake of my Christian friends, Harijan friends and for the sake of every other community. I have no doubt these figures will be very instructive. Government of India always think that the facts and figures should be complete and I do not understand why the Census Department should depart from a policy which it had followed before. I have noticed that the Census Department has of late departed from its former policy and has reduced the number of appendices which it used to publish before. With these remarks I bring my speech to a close.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, it is the general convention in this House while speaking on the Finance Bill many Honourable Members speak on everything under the sun but finance. I do not propose to follow that rule. Some speakers who have preceded me have spoken about the Federation, census, communal representation, socialism, communism and all sorts of things, but I do not want to take up the time of the House on the Finance Bill by speaking on these subjects, and as a businessman I will come straight to business. The Finance Bill, as presented by the Honourable the Finance Member, has not given satisfaction to the country at large. It has been severely criticised by certain sections of the country because of the income-tax rates, by others because of the cotton duty, and by another section because of the duty on *khandsari* sugar, and so on. The reason for this criticism is that the people in general are convinced that there was, at the present stage, no justification whatsoever for any additional taxation as it has been proposed in the Finance Bill. The Honourable the Leader of the Opposition and my Honourable friend, Sir Cowasji Jehangir, have addressed the House at length on the point of under-estimating and I think they have been able to convince the majority of this House that it is so. Of course, they could not convince the Finance Member because

he refuses to be convinced. In my opinion the majority of the Members are convinced that there has been under-estimating. I propose to dilate on this point only for a few minutes and I will show how I have also been convinced that there has been under-estimating. I will refer only to three items, namely, customs, income-tax and the sugar import duty.

Firstly, under customs, what do we find? During the year 1937-38, there had been a decrease of 82 lakhs of rupees in customs revenue. Then again in the year 1938-39, according to the revised estimates, it is expected that there will be a further decrease of 367 lakhs under this head. This decline in customs revenue cannot go on at this rate for ever. There is always a cycle. For a year or two it goes down and then it goes up in the year or two that follow. If the previous figures of some years ago were scrutinised in this light, it will bear out my point. The Finance Member has only budgeted for an increase of 35 lakhs of rupees against a decrease of over 450 lakhs during these two years, which is very small and we can confidently expect that there will be more increase under this head. In this connection I would like to read a few lines from the Finance Member's own speech in which he says:

"Thus, though the customs returns of the last few months have shown an improvement on those of the earlier part of the year, and the figures for India's favourable balance of trade have been consistently better than those of the corresponding months of the previous year, conditions do not appear to justify our raising our general estimates above the level of the returns of the current year."

I do not know what is the basis for presuming that the imports will be heavier during the next year. If it is not an improvement in the balance of trade, the balance of trade in favour of India has been consistently better than the previous year and then the customs returns have also been better than in the previous year.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

These two factors are the criterion on which we can judge what our customs returns are to be in the year to come but he has ignored these factors, though he laid stress on these in his own budget speech.

I would like to know if these conditions do not justify our raising the estimates, what are the conditions which should be fulfilled by which he can reasonably expect higher returns of customs? The second item, which I would like to deal with, is the under-estimate about the sugar import duty. He has estimated only twenty lakhs of rupees from this head for the next year. The duty on imported sugar is Rs. 9-4 per cwt. At this rate of duty if there is no change in the sugar import duty by the Tariff Bill which is going to be introduced shortly, it requires eleven thousand tons of sugar to be imported in the next year to give us these twenty lakhs of rupees. Does he expect that there will be an import of only eleven thousand tons of sugar in the next year? We all know that there has been a very small sugarcane crop this year and the production of sugar in this country has been less by over a lakh of tons of sugar. I think I am correct. It should be more than a lakh but not less than a lakh. After all the country requires sugar and if we have not been able to produce sufficient sugar for our requirements, due to the failure of the crop, then it stands to reason that we will have to import Java sugar during the next year to meet our requirements and so, this figure of eleven thousand tons which he expects will be imported is hopelessly and ridiculously low. I think it must be nothing less than 50 thousand tons because

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if there has been a reduction in our own production of over a lakh of tons then, on account of the higher price, there will be some reduction in consumption and I have allowed for this. I have said that 50 thousand will be the least to be sufficient for our requirements.

The third and the most important thing is about the income-tax. Here there has been a phenomenal rise in receipts under this head in 1937-38. There was an increase of 83 lakhs, including 48 lakhs from corporation-tax. My Honourable friend, the Finance Member, accounts this to over-cautious estimating. In 1938-39 the total revised estimate will be 16 crores 4 lakhs, another increase of 79 lakhs over the figures of 1937-38. He has budgeted for 16 crores 54 lakhs under this head and that in spite of the Income-tax Amendment Bill over which so much fuss was created and so many drums were beaten and so much of the time of the House was taken. About this I will go into details. 50 lakhs is all that he expects to get—50 lakhs only from the Income-tax Amendment Bill. Out of these 16 lakhs will come from the withdrawal of leave pay and pensions. 34 lakhs only will be due to the proposals which were carried in this House and one of the most important amendments that we carried was about the accrual basis. That is, income will be taxed on the accrual basis.

The Honourable Sir James Grigg: What about the Hindu undivided family?

Babu Baijnath Bajoria: I will come to that. At that time we were told that we would get 62 lakhs from that source. I am speaking subject to correction. That is my recollection. There was to be administrative tightening up of the screw. If only we are getting 34 lakhs, then it only confirms what I said on that occasion, that the Finance Member is only practising *phooka* to get the money. Sir, I am glad that the Leader of the Opposition and his Party have also been disillusioned about the receipts from this amending Bill, as has been made out by the speech of the Leader of the Opposition and also by the speech of my Honourable friend, Mr. Sham Lal. They have all realised, though of course too late, that what they did was not the right thing. They thought they would get plenty of money, specially for the provinces, and now they find that they have been duped. Sir, I will now criticise some of the provisions which have been made here in the slab system. First and foremost, I will refer to the Hindu undivided family. The Hindu undivided family has been the worst sufferer under the proposals as made in the Finance Bill. The Finance Member has treated the Hindu undivided family worse than even the worst step-mother would do. Sir, the income-tax experts also, in their report, admitted that a real hardship exists in the case of the Hindu undivided family and they advocated that for a Hindu undivided family double the slab should be allowed. It is mentioned also in the schedule which they have appended and which the Honourable the Finance Member has copied in this Bill. He has conveniently omitted that one line which means so much to the Hindu undivided family. Honourable Members of this House will remember that during the discussion on the Income-Tax Amendment Bill several Members of this House pressed that the Hindu undivided family should get more concessions by way of allowances for children and wife and that the rate of tax should be calculated after dividing the income by the number of adult married male

members. But what we find is that we have got neither the double slab nor those other concessions, but we have got a double slap instead. There is a proverb among us which says;

"Chaubey gaye Chhabey honē hogayē Dubēji".

"The Chaubey wanted to be Chhabey, but has become a Dubey"; that is to say, "from four he wanted to be six, but he has become two."

Sir, I will explain how it is that we have got the double slap. The Hindu undivided family has now been ranked as exactly on the same basis as an individual. Formerly, under the existing rate of super-tax, Hindu undivided families used to get an exemption of the first Rs. 75,000 from super-tax but under the proposed Bill this concession has been taken away and only Rs. 25,000 will be exempted as in the case of the individual. This is in my opinion grossly unjust and inequitable. Then, there is the question of the abolition of the first Rs. 50,000 limit for a company from super-tax. I strongly object to this abolition which will mean the death-knell of many a small company, as has been pointed out by the Leader of the Opposition, which means a $6\frac{1}{2}$ per cent. tax on small companies which they can ill afford to pay. Now, the smaller companies, even if their income is Rs. 10,000 or Rs. 15,000 will have to pay the maximum rate of income-tax which is $-2/6$ pies in the rupee plus one anna super-tax, or a total of $-3/6$ pies or nearly 22 or 23 per cent., which everybody will agree is a very high figure. Again, though in the case of income-tax which is $-2/6$ pies the individual shareholder can get a refund of that portion which is in excess of the rate applicable to his individual income, as regards super-tax there will be no refund whatsoever of this one anna per rupee which would be paid as corporation-tax. Then, the rates which have been provided have permanently incorporated the surcharge on income-tax or super-tax. Everybody knows that this surcharge was only a temporary and emergency measure but it has been dragging on though two-thirds of it was withdrawn and $1/3$ rd of it is still in existence. But now. . .

An Honourable Member: It has gone now.

Babu Baijnath Bajoria: Yes, the surcharge has gone but it has been made permanent with compound interest. Sir, on going through this appendix to the schedule of Income-tax Expert Report you will find that the rates on higher income will be about 20 to 25 per cent. or even more than the present rate of income-tax including the surcharge. I will give one or two figures. For an income of Rs. 80,000, the tax payable under the present scale including the super-tax and surcharge is Rs. 8,217, or 10.7 per cent., whereas, under this proposed scale it will be Rs. 8,886, or 12.8 per cent., or a 20 per cent. increase.

An Honourable Member: Why not?

Babu Baijnath Bajoria: Yes, I know what the Congress view is on this point and I am just coming to that and I will explain how the Provincial Governments also are stepping in this direction. Sir, I have got a few figures here. The United Provinces Government, whom I will congratulate on their ingenuity in coining new words, have coined a new phrase "employment-tax" though it is to all intents and purposes income-tax pure and simple. Perhaps this definition is a new asset to the English dictionary. They say that:

"Salary includes all salaries, wages or any fees, commission, perquisites, profits in lieu of or in addition to any salary or wages payable by an employer."

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And then they have got their own definition of the word "employee". Employee means a person in employment, directors, managing agents, selling agents, and purchasing agents of a company. This is a new meaning of the word and probably school teachers in the United Provinces will be told to teach this meaning to their students. If the employment-tax had been a few rupees like a license fee it would not have mattered: in the province of Bengal we shall have to pay a tax of Rs. 30 per head. But here I will give you a few instances—I have got the full list but I will not tire the patience of the House by reading the whole of it. Compare it with the income-tax which the Finance Member wants to take from us. For Rs. 30,000 the tax under the proposed slab system will be Rs. 3,836; whereas the United Provinces tax will be another Rs. 3,000. Take a small income like Rs. 3,000. Our Finance Member wants to take Rs. 70 whereas the United Provinces Government wants Rs. 90, which is more than the income-tax. On an income of Rs. 20,000 the income-tax will be Rs. 1,961 and the employment-tax will be Rs. 1,725. On an income of Rs. 10,000 the income-tax will be Rs. 555, while the United Provinces tax will be Rs. 650. So we find that this will be nothing but doubling the income-tax and pray God

Mr. N. K. Joshi: Don't pray for these mercies!

Babu Baijnath Bajoria: . . . and thank God that I am not a resident of the United Provinces. Once this tax is passed and its legality is confirmed by the Federal Court—I have got my own grave doubts as to its legality—then I am sure that other Provincial Governments will also follow suit and will not be slow in taxing their population in the same way. There is at the present moment a race for taxing the people, not only at the Centre but also in the provinces. We were told when the Congress was agitating for power that when they came into power they will see that the taxes are reduced

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Not on the rich: we never said that.

Babu Baijnath Bajoria: It is neither on the rich nor on the middle classes: it is only because the Congress Governments have put on this tax that these taxes have become sweet; otherwise, my friends on the Congress Benches would have been the first to protest against this iniquitous tax

The Honourable Sir James Grigg: Which one?

Babu Baijnath Bajoria: The Employment-tax. Then in the Bombay Presidency we find that they have taxed ten per cent. on property.

Mr. S. Satyamurti: Why not?

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Is not that an income-tax too?

Babu Baijnath Bajoria: Yes; it reduces the value of the property by ten per cent. straightaway. Then there is another tax which I would like to refer to, and that is the sales-tax of one anna in the rupee which the Bombay Government is levying

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot deal with these taxes levied by the Provincial Governments.

Babu Baijnath Bajoria: I was just saying about the incidence of taxation. We may have to pay all these taxes; that is my point. What with provincial taxation and what with central taxation, we are being crushed. The Honourable the Leader of the Opposition was just saying correctly that six per cent. for small companies and traders will be too much for them to bear. I would request him to give the same advice to his Provincial Government. One anna in the rupee sales-tax on cotton piece-goods is impossible, absurd, unheard of.

In passing I would refer to one remark which fell from my Honourable friend, Dr. Sir Ziauddin Ahmad. I am sorry he is not here now—but he gave some definition about protection of industries. He spoke about extra profit, and when I asked him what he meant by it, he meant in excess of the Reserve Bank rate or Imperial Bank rate—that is, three per cent.: he said that profit above three per cent. should be distributed between the capitalist, labour and the State. I would like to know from him or from any other Member of the House whether in any country in the world such a method of distribution is given effect to . . .

The Honourable Sir James Grigg: What about Germany? They are not allowed to distribute more than six per cent.

Babu Baijnath Bajoria: But they are allowed to hold

The Honourable Sir James Grigg: Lend to the Government.

Babu Baijnath Bajoria: Anyway it is six per cent.; and Germany and India are quite different things. In India capital is very shy; it is very shy of coming in for industrialisation and I am doubtful

Mr. Muhammad Ashar Ali: You have been sufficiently answered by the Honourable the Finance Member.

Babu Baijnath Bajoria: But he has increased the rate by double. And then, what about losses? If there are losses will labour and the Government share the losses also?

Mr. Muhammad Ashar Ali: There are never any losses.

Babu Baijnath Bajoria: My friend has never been in business and so has not suffered losses. My friend has been a lawyer and all along he has been getting his fees all right. I do not grudge him that.

I would mention another point. The Associated Press is being handsomely paid and subsidised by the Government of India; but I am sorry that the United Press which is an Indian concern and which is

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doing very good service as a news agency is not being patronised by the Government of India. It is always desirable that there should be two agencies so that we can get more and correct information and speedier information

An Honourable Member: Is it a shareholders' concern?

Babu Baijnath Bajoria: It is a shareholders' concern but the shareholders are there not for profit but for doing service.

An Honourable Member: Are you a shareholder?

Babu Baijnath Bajoria: I am a shareholder as well as a director. But we directors do not get any fees; we do that work for love of the country. With these few remarks I close my speech.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, during all the five years during which the Honourable the Finance Member has been here, I have been hearing only one line of argument in all the speeches he has made whenever he introduced the Finance Bill and the budget. He thinks that the main source of income for this country, by way of taxation, must come from customs revenue. He wails deeply when the amount of customs revenue which he can get by way of import duties goes down. I say he has been negligent in finding out as to whether he can rely upon this source of revenue at all. If he has only eyes to see, he must recognise this fact, that year after year the customs revenue is going down. There is absolutely no tendency for the revenue to go up. The reason is that all our industries go to the wall and the last drop of blood of this country is utilised for keeping up this costly administration. There has been a tendency for imports to increase whenever exports also correspondingly increased. Whenever a large amount of wealth flows from other countries into this country there would be larger imports and they would yield more revenue to the coffers of the exchequer. But in recent years the tendency has been for exports to shrink considerably. We do not produce sufficient quantity of manufactured goods for consumption by the world at large. So far as raw products are concerned, on which alone we have to depend for exports, for a long number of years past our exports of raw products have been steadily going down. There were certain articles in our country which other countries could not produce. With respect to them we have had almost a monopoly in the world markets till now. Even with respect to those articles, by means of scientific knowledge, other countries have begun to discover substitutes. Jute has till now been practically the monopoly of India. Indian jute has been holding the field for a long time past. In Japan and America, there are now substitutes for jute. In America they are using dealwood boxes and in Japan they are using paper boxes for packing. In Germany they are preparing a substitute for jute from some other commodity. Therefore, we cannot long depend even upon this product which is almost a monopoly in this country. The others are tea and cotton.

So far as cotton is concerned, we export nearly to the tune of 20 crores or so and we have been importing to the tune of eight crores. In competing with world markets, with Japan on the one side and Lancashire

on the other, which produce finer counts of yarn, we have been forced to import large quantities of cotton from Egypt. We have been boasting for a long time, that from time immemorial India has been producing the largest quantity of cotton in the world. So far back as the 12th and 13th century, when people came from the West to India and returned back to their country, they described cotton in these terms "something like wool grows on the top of trees". They did not even know what cotton was. It was never known to them. Even, during the times of *Rig Veda*, people in India knew cotton and they referred to warp and weft. So, Sir, the one country which had a monopoly of cotton all these centuries has been reduced to this sad plight. Our short staple cotton is not much in demand in the world at large. Japan is one of the countries to which we export our cotton and the Egyptian and American cotton is now competing with our finer counts and they are trying to shut us out of those markets with respect to cotton trade. So, our cotton trade also has shrunk. We are trying to push tea into England and other countries. I hear an attempt is made in England and other countries to produce some other beverage in place of tea. Coffee is a costly affair and, therefore, it has not taken deep root in any country in the world. So far as oil seeds are concerned, we find that our export trade in oil seeds has also gone down. We used to export ground-nuts to France and Germany but now I find that those countries are taking whale oil from Norway and Sweden. Therefore, ground-nut is not much in requisition now. So far as coconut is concerned, we have got a great competitor in Ceylon which is at our very doors. We have to be protected against Ceylon so far as our home markets are concerned. There is, therefore, no question of trying to push the export of copra and oil seeds to other countries. Even Ceylon has been finding it difficult to send her cocoanut products to other countries. The reason is, America is trying to take all her copra from the Philippines and Greece and Italy are trying to use olive oil in place of cocoanut oil. Therefore, so far as our raw products are concerned, there is a tendency for the export of raw products to shrink from time to time. Unless the Honourable the Finance Member has no eyes to see, he must have seen this long ago and recognised it. If we do not get one pie from foreign countries by way of exports of raw products, then so far as finished products are concerned, we were finished long ago, the moment the English set foot on Indian soil about 150 years ago. Our finished products are no longer entering foreign markets. We have been boasting only about our products and the time has come or it will come sooner or later when our raw products will be shut out from all other markets. How then is our wealth increasing? Has it been increasing at all? One does not judge a country's wealth in terms of copper or in terms of any perishable articles, but only in terms of gold. For the past 75 years on account of favourable balance of trade, till about seven or eight years ago, there were 600 crores worth of gold imported in this country. But within the past five years, more than 950 crores worth of gold has gone away from this country. If we part with gold, how is our richness to be measured unless it is in terms of gold or precious metals. If gold goes away we are left with only paper. I shall now give, as regards our balance of trade, a few figures to show how we cannot even carry on the administration in the future when gold with which we have been maintaining our credit in the world market is leaving this country. In 1924-29 the average of the balance of trade in our favour was 102 crores. From 1930 to 1934 it came down to 37. In 1933-34, it came to 33 crores, in 1934-35, it came to 20 crores. In 1935-36, the

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balance of trade came down to the lowest figure of two crores. In 1936-37, it rose again to 48 and in 1937-38, it sank to 12 crores. This is in addition to our wealth going away and not one step is being taken by the Honourable the Finance Member to conserve or improve the wealth of this country on which alone he can depend for payment to the exchequer and which alone would be a permanent source of income to carry on the administration. I am afraid the Finance Member has been walking on loose sands and he is going away shortly and all persons who are interested in the prosperity of this country must see how unfortunate our position is and how foolish it was to have placed our fortunes in the hands of somebody who does not see eye to eye with us in the matter of protecting the interests of the country. I am exceedingly sorry to have to make this remark, but the fact that we have not grown richer and richer, year after year, has impelled me to make this remark. If we have to make payment, gold is necessary and the possession of gold is an important test of our riches. Another is income-tax revenue. The same man who has been paying income-tax is taxed over and over again. Formerly the wife and children of a man was sought to be taxed. Of course, that provision has been taken away. May I ask whether the Government has been able to add a single more name to the list of assesseees? That is another of the tests to find whether the average income of the country has increased or not. Has there been a larger number of industries started in the country, has there been an addition to the list of rich men in this country? Year after year you find the same set of persons being assessed. On account of the intelligence of the assessing officers, the same man's income is multiplied in figures only on paper. I am not attributing motives to the assessing officers, but, anyhow, other persons have not been brought in. It is only the same richer classes that have got to pay income-tax. This is another indication to show whether the wealth of the country has improved or not.

Next, Sir, I come to the exchange ratio. From time to time there has been agitation in the country that the ratio has killed this country's trade. We are firmly of opinion that the linking of the rupee with sterling at Rs. 13 odd—God alone knows whether sterling is now available at that figure unless it is manipulated by my friends on the other side—this linking has been this country's ruin. A sovereign sells at Rs. 22½ or 23, and for one rupee you get two tolas weight of silver, and left to themselves between gold and silver, one piece of gold gets Rs. 44 of silver. Letting that alone, every other country in the world has, during the last three or four years tried to adjust its currency, but we have an exchange ratio which is managed by this Government, and in spite of our attempt to change it, it is being still persisted in. If now we take advantage of the opportunity of the world conditions and try to lower the ratio from 1-6d. to 1-4d, I am sure we would progress enormously. The cultivator for whom again and again, to enlist the sympathy of some of our friends on this side of the House and appeal to their ultra extremist views,—my Honourable friend says that the agriculturist will go to the wall, I am sure if the exchange ratio is altered the agriculturist will be immediately benefited, and for this reason. There is a slump in trade and prices have gone down. Rice has to be protected against Siam rice, wheat has to be protected against Australian wheat and so on. So far as their debts are concerned, they have grown beyond recognition. Therefore, it is

necessary that we must give some artificial support for the increase of exports from this country. What steps have been taken by Government? In answer to an appeal by the various Chambers of Commerce, the Finance Member issued a press communiqué. It is reported in the Indian Information Series, at page 11. I would ask the House to pay some attention to two or three observations that have been made in that communiqué issued by the Finance Member. The objections to altering the ratio have been stated under three categories. The first is:

"The Government of India are convinced that a lowering of the ratio in existing international market conditions would produce no appreciable rise in what the cultivator can realise for his produce."

Possibly, he refers to the rubber quota, restrictions on the export of tea and rubber. There may be some quotas and, therefore, there may not be considerable increases in the sales of these articles, but even with respect to their sales, a large amount of propaganda has to be made. If they are cheap in the world market they will command purchase. With respect to other articles, I would say that I would differ from the Finance Member, and I am of opinion that there will be a rise of prices in the primary products of this country and the agriculturist or the cultivator would be benefited to a very large extent. He would be in a position to pay the revenue and also to pay off his debts. On account of the exchange ratio the debts have doubled themselves. In spite of the persistent attempts made by the Provincial Governments to reduce the burden of debt on the agriculturist, the agriculturist has really not been benefited. One thing to which all these ills can be attributed is sticking to the exchange ratio. The second observation in the communiqué is:

"In fact a lowering in the ratio would do no good to anybody except the monied and speculative interests who profit from conditions of uncertainty and disturbance or who secure an additional but unseen all round increase of 12½ per cent. in the protection afforded to them at the expense of the consumer."

The Finance Member is afraid that by readjusting the ratio there will be an all round increase by 12½ per cent. on the duty of imported articles. This is exactly what the Finance Member does not want. On the other hand, this will do immense good to the struggling industries in this country. They are not able to stand foreign competition. By sticking to the present ratio they are giving additional preference to the English articles. It is not as if any injustice will be done if there is a readjustment. An unseen preference is not given to the industries in this country. An unseen preference in addition to the preference that was given to England has been given by the exchange ratio. I ask the Honourable the Finance Member to lay his hand on his heart and say it is not so.

The Honourable Sir James Grigg: I can do it quite easily and quite readily.

Mr. M. Ananthasayanam Ayyangar: This communiqué is in black and white and I am challenging this communiqué. If it is 12½ preference to Indian articles, I would gladly have it. If the industries in this country flourish, we get a good return. The people will spend on various necessities of life, the cultivator will get some more money to spend. I cannot see the Finance Member from this distance, but if he smiles, let him smile in his own country after he goes there. I am sure there will be a

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reversal of this ratio very soon unless his successor is imbued with the same idea and my Honourable friend leaves him a legacy behind. The third objection in the press note is:

"It would also seriously weaken the budgetary position of the Central Government and the larger Provincial Governments."

It is no doubt true that so far as the sterling debt is concerned there will be some difficulty. The Government need not have kept these sterling loans there. They may have converted them. We have been tied hand and foot to England on account of this. We owe to England to the tune of 600 crores and our national debt is to the extent of 1,200 crores, so, something like 50 per cent. or so we owe to England by way of sterling loans. The sooner that is discharged the better for us. This kind of argument that the budgetary position of the Central Government will have to be readjusted or will be shaken by an alteration in the exchange ratio which is necessary for the support of industries,—that argument would not be of any avail. They want to keep us down not only by political power, but also, even if that political power should go, they want to keep us down and also the industries of this country by the huge debt that we owe to England. Why did not the Finance Member pursue a scheme or a plan that within a stated number of years, ten or twelve years, he must discharge all the sterling debt? It is no doubt true that about 60 millions of the sterling loans has been wiped out during the regime of the Finance Member, but 60 millions out of 600 crores is not enough. Therefore, the communique has absolutely no legs to stand upon. Now I come to the proceedings of the Indian Merchants' Chamber—of the 31st Annual General Meeting of that body, regarding the devaluation of the rupee:

"This has been shown by the gradual decline in the balance of trade and though the rate has been maintained by large exports of gold a stage has been reached when it can be maintained now only by a policy of contraction of currency and credit and further depletion of gold and sterling resources. Despite all this, the Government of India placed their reliance upon the argument that the budgetary position of the Central Government and larger Provincial Governments would be seriously weakened. It is also surprising that Government still adhere to their ante-diluvian argument about the lowering of the ratio doing no good to anybody except the monied and speculative interests, who secure, it is said, an additional but unseen all round increase of 12½ per cent. in the protection accorded to them at the expense of the consumers! So, here is the cat out of the bag."

The Finance Member has let the cat out of the bag when he says that by altering the ratio there will be an all round increase of 12½ per cent. protection to the industries in this country. That is certainly what we want. That is exactly what we want, if by altering the ratio it is possible to redress the wrong that has been done to the industries of this country.

Then, there is another point. How long can the Government afford to take off gold from this country, in trying to pay off the interest on the sterling debt. For some years past, it has been a minus. I do not know by what other means he intends to make good the amount that falls deficit, on an average, every year about 90 crores or more than 90 crores. I am putting it at a modest estimate. On sterling debt the interest comes to nearly 16 crores a year. There are other payments by way of pensionary charges, etc. Some time last year the Honourable the Finance Member admitted that about 30 to 35 crores have to be sent from this country every year. If there is no balance of trade which is

favourable to us, then we have to make good by regular export of gold. On this account, the utter indifference of the Honourable the Finance Member to take steps to alter the rupee ratio is not a thing in the best interests of the country and I would say that he has not pursued a policy for improving the wealth of this country.

I will now proceed to deal with a few other matters. It is evident from the speech of the Finance Member that he has ignored the nation-building departments completely. If additional taxes have to be imposed, there are two considerations which have to be placed before the House and with respect to which the House has to be satisfied. What steps have been taken to improve the wealth of the country by granting subsidies to industries and starting new industries on a nation-wide scale?

The Honourable Sir James Grigg: I thought you represented the agriculturists.

Mr. M. Ananthasayanam Ayyangar: Yes, I am both an agriculturist and a non-agriculturist. A man and a woman are both necessary for purposes of a family. I certainly do represent the agriculturist. I represent the industries of Mother India. You represent England. I am none other if not an agriculturist. I have no stocks, no shares and no interest in any industry. On the other hand, when you talk of the major industries, you really want to kill them. For myself, I do believe that a great number of cottage industries could be started in this country. In Japan 600 industries have been started. Even cement is made as a cottage industry. What about that inquiry into the condition of cottage industries which was promised? Has it been dropped? To the millions of cultivators in this country, an additional meal will be given if they have a supplementary occupation. At present they cannot get even one meal a day. The Honourable the Finance Member professes he has great sympathy for the cultivator. I want him to show it in action. Every Provincial Government is anxious to start cottage industries and help the agriculturist. A preliminary investigation has to be made. The Honourable the Commerce Member said that investigation has been made about conditions in Japan and conditions there, were being studied but the report is still born. He says that China and Japan are fighting and, therefore, it is not possible to go on with the inquiry. I do not agree with this lame excuse. Japan is in military occupation of China but in the land of Japan itself, there is no fighting and I do not see why they cannot proceed with this inquiry. I think that Sir Muhammad Zafrullah Khan is being pulled back by some unseen hand. If the Honourable the Finance Member is the only representative of the Executive Council, then he has to answer for what Sir Muhammad Zafrullah Khan has done or has not done. That is the reply I will give the Honourable the Finance Member when he asks me whether I am a cultivator. I am a cultivator. I know the difficulties of the cultivator. My father was a cultivator. My brothers are cultivators though I have taken to another profession and I know where the shoe pinches. The cultivator cannot get one square meal a day.

Now, Sir, so far as the Reserve Bank is concerned, I should like to know what it has done to push rural credit into the areas where credit is not available and where the cultivators are still in the grip of the money lenders. The co-operative credit societies have, unfortunately, been

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given a step-motherly treatment all along. People are afraid of the co-operative credit societies in rural areas. The liability is unlimited, unlike a limited bank. People have mismanaged it under the previous administrations and the institution has not worked properly. Therefore, the villager dreads the co-operative societies because he has to pay for the liability of another villager and now the banks alone can come to the rescue of the cultivators. What has the Reserve Bank of India done under the direction of the Honourable the Finance Member to take credit to the very doors of the cultivators. The Provincial Governments have scaled down the debts. If the debt was 500 and the cultivator had mortgaged one or two acres of land, by scaling down the debts have come to 200 and still the cultivator is faced with the prospect of having to sell the entire land. They want good credit facilities. What has the Reserve Bank done? It wants gold to be deposited. If the poor agriculturists had got gold why should they come to take a loan. They have only land and no gold. Then I ask how many branches of the Imperial Bank have been established since the Honourable the Finance Member took charge? We want a branch in every district and they could give facilities on the security of immovable property. I say, Sir, that this Government has done nothing except to grow fat at the expense of the poor people of this country. They have done nothing to improve the credit facilities of the people. The richer sections are taxed. Industries are not protected. There is no scheme for cottage industries at all and when we want an investigation, for some unknown reason it is dropped but the Finance Member has said again and again that the poor cultivator has been let down by us. Nothing has been done to improve the wealth of the country and the Honourable the Finance Member has not discharged his obligations towards this country. When he comes to impose additional taxation, he must show either that he is trying to improve the wealth of the country or that he wants them for normal administrative purposes. In the latter case he must satisfy this House that he has taken all measures of economy—it may be retrenchment of personnel, it may be the retrenchment of offices, and it may also be the scaling down of salaries. So far as the scaling down of salaries is concerned, the Leader of the Opposition and my Leader has already said that nothing has been done so far about this matter. We passed resolutions also during the course of the debate on the Railway Budget and the Honourable the Finance Member said, "you wait and see". I thought that "wait and see" meant something, that there would be some scaling down or some cut in salaries. Whenever a motion for a cut or a reduction of salaries was put forward and Honourable Members referred to it, he said, "wait and see". I for myself was satisfied that that "wait and see" would certainly not end in smoke. What is the explanation he has now to give? So far as the question of cut is concerned, is it the case that he wants to leave those men untouched so that they may present a farewell address to him on the occasion of his departure and give a tea party also? Sir, in spite of protests, in spite of the whole country going into starvation, in spite of people dying and in spite of famine raging from end to end of the country and in spite of the provinces being unable to make both ends meet, he wants to please these pampered children. It is no good appealing to the Indian section. I may mention that one I.C.S. gentleman in my Presidency said, "I am in receipt of two thousand rupees a month. I am prepared to take one thousand rupees a month." But would he be allowed? What is the

good of appealing to these poor people? Why does not the Honourable Member take courage and say, "I will reduce". Sir, every true-born Indian would have been prepared to put himself to some inconvenience so that the country may not suffer.

Now, let us come to the retrenchment of offices and personnel. Year after year, you may take all the demands for grants for a period of ten years. During that period the establishment has risen by fifty per cent. One or two cuaprasis might have been removed, but enormous amounts are being spent away by the creation of superior posts. The pools of officers are coming. No retrenchment of offices or personnel is coming, and I do not know why, especially when the Finance Member is obliged to embark on new fields of taxation.

Now, so far as broadcasting, aviation, agriculture,—let alone other matters for which demands have increased this year,—why should they spend more, for instance, on broadcasting this year, and why should more money be spent on aviation?

The Honourable Sir James Grigg: You have got a new station in Madras.

Mr. M. Ananthasayanam Ayyangar: Suspend that if necessary. So far as broadcasting is concerned, it is becoming a question of patronage; the persons in charge of programmes are doling away patronage. The Honourable Member in charge has never devoted a moment's attention to this matter. As an M.L.A., if I am asked to speak on a particular subject, shall I be paid? I say, I do not want to be paid. Unfortunately it is a question of patronage. It is the same man, it is the same music which deafens our ears and it is the same man making a speech. Has the Finance Member ever cared to inquire why so much money is being wasted on broadcasting? This I know is the case in Madras and in Bombay also you will have the same tale. You ask Sir Homi Mody whether he did not receive some money.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): I have been offered, but I have never accepted payment.

Mr. M. Ananthasayanam Ayyangar: Yes, because it is not in keeping with the amount of income that he gets. Sir, why are these persons paid when they are so anxious to come and speak? After all, the programme is dull. I do not say that the broadcasting man ought not to be kept there but I say, why not retrench, why not spend only what is absolutely necessary and not spend a pie more?

Whenever any suggestions come from non-official quarters, the suggestion must be taboo and it is considered that since a non-official gentleman says this, therefore, it must be wrong. Sir, we have been fighting and crying hoarse but not one single amendment is accepted. We sit here as if we are two warring elements,—they are sticking to their own convictions there, and we are sticking here to our own convictions, so that however loudly and however much we may talk and however much we may cry hoarse, nothing will come. Then I come to my Honourable friend, Mr. Bajoria. My friend has, unfortunately, not addressed himself to the proper issue in the case. The Provincial Governments are in charge of the nation-building services. ("Question, question.") Then my friend

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put some questions regarding those services,—education, agriculture, etc. They are all provincial subjects and so far as the Government of India is concerned they must be confined to the excluded areas like Ajmere. Sir, I went there. It is a desert or something like a desert. Therefore, why want so much money and these huge establishments when their activities are confined to excluded areas. The provinces really are in charge of nation-building services. They have to make both ends meet. Why should not my Honourable friend, Mr. Bajoria, quarrel with the Finance Member for making Mr. Bajoria not merely act as a *dalal* of a purchasing firm for articles imported, but the real producer of such articles here,—why in respect of some motor-cars from overseas countries, imported by him. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss that.

Babu Baijnath Bajoria: I don't mind.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member wishes himself to be discussed, he can have that done in the lobby, not here.

Mr. M. Ananthasayanam Ayyangar: I only take Mr. Bajoria as one of his group. What have they done for the industry? What have you done to merit the imposition of additional taxation? Therefore, any reference to the Provincial Governments is absolutely irrelevant. They know their business, they have introduced various kinds of ameliorative measures. I do know that the Provincial Governments are trying to reduce all their expenditure to a minimum. My Honourable friend, Mr. Bajoria, may enter the local Legislative Assembly and fight there but as far as I am aware he is out of court here and I do not agree with his arguments. The point for consideration is whether the Finance Member has discharged his duties to this country. (*Some Honourable Members*: "It is 5 o'clock.") I will finish in a couple of minutes. So far as Posts and Telegraphs are concerned—I will end in two minutes. I will now refer to Posts and Telegraphs. In the year 1937-38 there was a surplus of nearly 57 lakhs. That has now been wiped out. Today we find that there is a surplus of only one lakh. Whatever is earned, it is in the interests of the Department that the whole amount should be spent away. The balance that accrued in 1937-38 ought to have been used for the purpose of reducing the price of the postcard. The Honourable the Finance Member is very much interested in the poor cultivator

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member is not likely to conclude his speech now, the Chair will adjourn the House.

Mr. M. Ananthasayanam Ayyangar: Sir, I conclude my speech by saying that I oppose the Finance Bill.

The Assembly then adjourned till Eleven of the Clock on Monday, the 20th March, 1939.