

2nd March, 1934

THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume II, 1934

(17th February to 10th March, 1934)

SEVENTH SESSION

OF THE

**FOURTH LEGISLATIVE ASSEMBLY,
1934**



NEW DELHI
GOVERNMENT OF INDIA PRESS
1934.

Legislative Assembly.

President:

THE HONOURABLE SIR SHANMUKHAM CHETTY, K.C.I.E.

Deputy President:

MR. ABDUL MATIN CHAUDHURY, M.L.A.

Panel of Chairmen:

SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

MR. K. C. NEOGY, M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

MR. N. M. JOSHI, M.L.A.

Secretary:

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary:

RAI BAHADUR D. DUTT.

Marshal:

CAPTAIN HAJI SABDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Public Petitions:

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SIR HARI SINGH GOUR, KT., M.L.A.

MR. T. R. PHOOKUN, M.L.A.

MR. MUHAMMAD YAMIN KHAN, C.I.E., M.L.A.

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LEGISLATIVE ASSEMBLY.

Friday, 2nd March, 1934.

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

MEMBERS SWORN.

Mr. T. Sloan, C.I.E., M.L.A. (Government of India: Nominated Official); and

Sir Thomas Ryan, Kt., C.I.E., M.L.A. (Government of India: Nominated Official).

QUESTIONS AND ANSWERS.

ENROLMENT OF NEW ENTRANTS IN ARMY HEADQUARTERS IN THE INDIAN ARMY CORPS OF CLERKS.

304. *Mr. Uppl Sahab Bahadur: Will Government please state if the individuals who were offered posts in Army Headquarters on the result of the Public Service Commission examination held in November, 1932, were informed that they would be subject to new conditions of service quite apart from the new scales of pay? If not, are they going to be enrolled in the Indian Army Corps of Clerks whereby they shall have to sign a bond for ten years' compulsory service and to be sent out anywhere? If so, why?

Mr. G. E. F. Tottenham: The offer of appointment did not specify the conditions of service, but mentioned a certain scale of pay which it was stated was likely to be reduced. Acceptance of an appointment in such circumstances implied acceptance of such conditions as might be fixed for it.

SUCCESSFUL CANDIDATES OF THE PUBLIC SERVICE COMMISSION EXAMINATION HELD IN 1926.

305. *Mr. Uppl Sahab Bahadur: (a) Are Government aware that there were some second division candidates who qualified prior to 1926 examination and remained unprovided for, but the Public Service Commission decided to hold another examination in 1926? If so, what were the special circumstances for which the Public Service Commission held another examination when all of those already qualified were not provided?

(b) Is it a fact that the examination of 1926 was held after all the previously qualified candidates were provided for, but that the later examinations were held when the successful candidates of 1926 remained unprovided? If so, why?

The Honourable Sir Harry Haig: (a) So far as I have been able to ascertain the position, a majority of the candidates who qualified at examinations held by the Staff Selection Board prior to 1926 had, by the middle of that year, been absorbed either in temporary or permanent posts in divisions for which they had qualified or in lower divisions or were not prepared to accept appointments of short duration. The Staff Selection Board, therefore, decided to hold an examination in 1926 in order to have on their approved list a sufficient number of candidates for vacancies likely to occur in 1927. The examination was actually held by the Public Service Commission, which had by then taken over the functions of the Staff Selection Board.

(b) As the Honourable Member is aware, a new system of recruitment was decided upon in 1928—*vide* the Home Department Office Memorandum of the 8th December, 1928, a copy of which is available in the Library of the House. Competitive examinations for external candidates and qualifying examinations for men already in service have been held in pursuance of the orders contained in that Office Memorandum. Definite quotas were laid down for external recruitment and departmental promotion; and persons who qualified in the 1926 examination and who had not obtained posts in the division for which they were qualified have been made eligible for promotion in the quota set apart for departmental promotion. Moreover, it has been laid down in Section II of paragraph 2 of Home Department Office Memorandum of the 18th February, 1931, of which a copy is available in the Library of the House, that in selecting candidates for promotion, other things being equal, preference should be given to qualified candidates and especially to those who qualified at the examination of 1926.

**SUCCESSFUL CANDIDATES OF THE PUBLIC SERVICE COMMISSION
EXAMINATION HELD IN 1926.**

306. *Mr. Uppl Saheb Bahadur: (a) Are Government aware that the Public Service Commission announced about 40 posts in the second division to be offered to the successful candidates as a result of the competitive examination held in 1926? If so, have all the candidates declared successful been appointed? If so, what are the names of the persons appointed against those vacancies?

(b) Who are the successful candidates of the 1926 examination still awaiting a chance of getting in the second division of the Secretariat and its Attached Offices? What position does each of these hold permanently in different offices?

(c) Are Government also aware that some of the qualified second division candidates who remained unprovided in that division are becoming junior in pay to, and have lesser prospects than, their contemporaries who qualified for the second division after 1926?

(d) Is it not the duty of the Public Service Commission to watch and safeguard the interests and prospects of the candidates whom they declared successful at their previous examinations, especially the 1926 competitive examination, as against those who qualified in later years?

(e) Are not Government or the Public Service Commission bound to offer all the vacancies announced by them to the successful candidates who obtain positions as a result of competitive examinations held by them? If not, why not?

(f) Do Government now propose to provide those men, who are still working in the third division of the different offices, in the second division of the Secretariat and its Attached Offices permanently? If not, what are the reasons?

The Honourable Sir Harry Haig: (a) and (b). The notice issued by the Staff Selection Board in 1926 stated that the Board would hold an examination for the purpose of making a list of candidates qualified for employment in the Imperial Secretariat and its Attached Offices and no definite places were offered for competition. The notice stated specifically that no guarantee would be given to any successful candidate that he would be given an appointment. In view of this I cannot undertake to collect the information asked for by the Honourable Member.

(c) Undoubtedly men who have been appointed to the Second Division have better prospects than those who have not.

(d), (e) and (f). As I have said in reply to parts (a) and (b) above, the notice for the examination in 1926 specifically stated that no guarantee would be given to any successful candidate that he would be given an appointment. Candidates who qualified at qualifying examinations held before or after 1926 were also not guaranteed appointments. Government have however made all reasonable provision for the promotion of qualified candidates in the quota of departmental promotions as explained in my answer to part (b) of the Honourable Member's question No. 305.

APPOINTMENT OF AN ANGLO-INDIAN IN THE VACANCY CAUSED BY THE DISCHARGE OF A MUSLIM IN THE CENTRAL PUBLICATION BRANCH.

307. ***Mr. D. K. Lahiri Chaudhury:** Will Government please state why the Officiating Manager of the Central Publication Branch, Mr. C. V. d'Eca, has appointed an Anglo-Indian in the Muhammadan vacancy caused by the discharge of one Azizul Karim?

The Honourable Sir Frank Noyce: No vacancy is ear-marked for members of a particular community, and the Manager appointed the candidate who appeared to be most suitable.

DECLINE IN THE INCOME DERIVED FROM ADVERTISEMENTS IN GOVERNMENT OF INDIA PUBLICATIONS.

308. ***Mr. D. K. Lahiri Chaudhury:** (a) Is it a fact that there has been an appreciable decline in the income derived from advertisements in Government of India publications?

(b) Will Government please give statistics of income derived from advertisements, year by year, since 1925 to date?

(c) Who is the present Advertising Agent?

(d) What are his credentials?

(e) Is it a fact that one C. Muirhead was for a time the Advertising Agent?

(f) Is it a fact that he was an ex-convict, having several convictions on account of breach of trust?

(g) Is it a fact that the said C. Muirhead was recently convicted and sentenced to a term of imprisonment by the Chief Presidency Magistrate of Calcutta?

(h) Is it a fact that no Indian has so far been appointed as an Advertising Agent?

(i) Do Government propose to consider the appointment of an Indian Advertising Bureau as Advertising Agents in future?

The Honourable Sir Frank Noyce: (a) There has been a decline in the income derived from advertisements.

	Rs.
1924-25	37,795
1925-26	61,421
1926-27	48,830
1927-28	46,956
1928-29	41,902
1929-30	35,083
1930-31	29,548
1931-32	19,636
1932-33	15,006

(c) Mr. Reginald Tayler.

(d) As a salesman and agent he has covered the whole of India, Burma and Ceylon, and I understand that he speaks several vernacular languages. For several years, prior to his appointment in the Central Publication Branch, he worked as a publicity agent for the East Indian Railway, Bengal Nagpur Railway and several private firms.

(e) Yes.

(f) Yes, but when the fact was brought to the notice of Government, steps were taken to terminate his services.

(g) Government have no information.

(h) Yes.

(i) The occasion for a change of the Advertising Agent has not arisen, and no proposals for the transfer of the work to a Bureau are under consideration.

Mr. D. K. Lahiri Chaudhury: In reply to part (g) of the question, it was said that the Government had no information. May I ask if the Government will inquire into the matter?

The Honourable Sir Frank Noyce: I think the Honourable Member is under a misapprehension. He has asked a question about a late Advertising Agent and he wants to know whether he was recently convicted and sentenced to a term of imprisonment by the Chief Presidency Magistrate of Calcutta. This man's services were dispensed with at least two years ago, and what is happening to him now is not of the slightest interest to Government.

Mr. N. M. Joshi: May I ask whether the fall in the income from advertisements is due to the smallness of the circulation of Government publications?

The Honourable Sir Frank Noyce: I think it is fairly obvious that the fall in the advertisement revenue is directly due to the existing economic depression and to the consequent lack of business.

Mr. H. M. Joshi: May I ask if, in view of the fact of the smallness of the circulation, Government will circulate their publications free to Members of the Legislature?

The Honourable Sir Frank Noyce: I am not quite sure, Sir, whether it would appreciably increase the income of the advertisers if they did so.

TENDERS FROM STEAMSHIP COMPANIES FOR THE CARRIAGE OF MAILS.

309. ***Mr. Gaya Prasad Singh** (on behalf of Mr. K. C. Neogy): Will Government be pleased to state, with reference to the replies given on the 28th September, 1932, to my starred questions Nos. 1033 and 1034, whether public tenders have been invited for a new contract for the carriage of mails on the sea routes referred to in those questions; and if not, why not?

The Honourable Sir Frank Noyce: Tenders were not invited as on a close examination of the matter it was considered preferable, in view of present uncertainties, particularly as to the future relations of India with Burma, to arrange by negotiation with the British India Steam Navigation Company and the Bengal-Burma Steam Navigation Company for a continuance of the existing arrangements for the carriage of mails by sea, in which both of these companies now participate, for a short further period, under arrangements involving no increase in the aggregate annual payment hitherto made for the services in question. This special arrangement has been made for a further period of two years only from the 1st February, 1934.

Mr. Gaya Prasad Singh: To whom was the contract for the carriage of mails given?

The Honourable Sir Frank Noyce: To the British India Steam Navigation Company and the Bengal-Burma Steam Navigation Company.

**STAFF EMPLOYED AT THE RAILWAY SCHOOL OF TRANSPORTATION,
CHANDAUSI.**

310. ***Mr. S. G. Jog:** (a) Is it a fact that under Fundamental Rule 22 the pay of a Government servant on reduction of the strength of the cadre cannot be reduced by the new time-scale?

(b) Is it a fact that the Agent, East Indian Railway, by a notification in an Extraordinary Gazette, dated Saturday, the 24th June, 1933, announced the retrenchment of the staff to the extent shown in the statement accompanying the notification? If so, will Government please state whether the staff at the Railway School of Transportation, Chandausi, is also included in the said statement?

(c) If the reply to the first portion of part (b) be in the negative, under what notification or terms are they demoted or discharged or retrenched? Have these terms been published? If not, why not?

(d) Is it a fact that under Fundamental Rule 23 a Government servant is permitted to retain his old pay?

(e) If the replies to parts (a) and (c) be in the affirmative, will Government please state:

(i) what were the classes of Government servants employed at the Railway School of Transportation, Chandausi, on the 31st March, 1933, and the 1st April, 1933, respectively, and what were their rates of pay individually?

- (ii) what were the old and revised scales of pay for each class of Government servants employed at the Railway School of Transportation, Chandausi, and the dates from which they have been in operation;
- (iii) what were the strength and establishment charges of each class of employees at the Railway School of Transportation, Chandausi, on the 31st March, 1983, and the 31st December, 1983, respectively; and
- (iv) on what rate of pay was each class of employee at the Railway School of Transportation, Chandausi, paid on the 1st February, 1984?

Mr. P. R. Rau: I have called for information and will lay a reply on the table in due course.

CERTIFICATES OF SICKNESS PRODUCED BY THE NORTH WESTERN RAILWAY EMPLOYEES.

311. *Mr. S. G. Jog: (a) Is it a fact that the Agent, East Indian Railway, in Circular No. 496-A. E. 1571, of the 15th March, 1929, notified that the acceptance of certificates from outside medical practitioners is dependent on their countersignature by the Chief Medical Officer or a District Medical Officer, as only certificates from the Chief Medical Officer or District Medical Officers will be accepted to cover absence? If so, will Government please state how far it is in accordance with the statement laid on the table of this House on the 4th September, 1933, in reply to starred question No. 783 of the 20th March, 1933?

(b) Do Government propose to take action against the violation of their instructions? If not, why not?

Mr. P. R. Rau: (a) Government have not seen the circular referred to, but they understand that certificates from non-railway doctors are accepted if they are countersigned by a District Medical Officer or Chief Medical Officer of the railway. The statement laid on the table on the 4th September, 1933 referred to the North Western Railway. So far as Government are aware there is no essential difference in procedure in the two railways. The question under what conditions certificates from other than railway doctors may be accepted has been left by Government for decision by the local authorities concerned.

(b) No action on the part of Government seems necessary.

PERSONS DISCHARGED BY THE DIVISIONAL SUPERINTENDENT, EAST INDIAN RAILWAY, MORADABAD.

312. *Mr. S. G. Jog: Is it a fact that the Railway Board, in their letter No. 4080-E., dated the 10th October, 1930, laid down the principle that the power of discharging railway servants without assigning reasons in accordance with the terms of their agreement, by its very nature imposes upon the competent authority the obligation to use it considerably and with strict justice, so that the railway servants shall feel that they can expect fair and reasonable treatment, and that a too frequent or a thoughtless recourse to it is apt to lead to a sense of instability of service? If so, will Government please state the number of persons discharged, with

or without one month's notice as per term of their agreements, during the year 1933 by the Divisional Superintendent, East Indian Railway, Moradabad?

Mr. P. E. Rau: The reply to the first part of the question is in the affirmative. As regards the latter part, I am calling for information, and will lay a reply on the table in due course.

PREVENTION OF THE IMPORT OF RICE IN SOUTHERN INDIA.

313. *Diwan Bahadur A. Ramaswami Mudaliar: (a) Will the Honourable the Commerce Member be pleased to state if it is a fact that 2,000 tons of rice were shipped from Kohshichang, Siam, to Madras, by the Japanese Steamer *Misaki Maru* about the 14th February, 1934?

(b) Is the Honourable the Commerce Member aware that the local markets for cheaper varieties of rice have been further depressed by this and similar shipments during the last few weeks?

(c) Will the Honourable the Commerce Member be pleased to state what quantity of rice has arrived in India from Indo-China and Siam from the 15th December, 1933, up to date?

(d) Is it a fact that regular shipments are proposed to be made during the coming months from Siam to Indian ports?

(e) Will the Honourable the Commerce Member be pleased to state if Government contemplate taking any action to prevent the imports of rice which have affected the rice markets, particularly in Southern India?

Mr. G. S. Bajpai: With your permission, Sir, I shall answer this question.

(a) and (d). Government have seen a report to this effect in the Press.

(b) Government have no precise information but recognise that this may be so.

(c) 23,883 and 9,890 tons of rice were imported into India from Siam and French Indo-China respectively between the 15th December, 1933, and 19th February, 1934.

(e) I would refer the Honourable Member to the statement made by me on Monday last in the course of the debate on the Bill to amend the Wheat (Import Duty) Act, 1931.

Mr. F. E. James: May I ask the Honourable Member whether the Government of India are making active inquiries? The fact remains that rice is coming in every week to the extent of 2,000 tons to 3,000 into the Madras Harbour alone. Surely the Government of India should take a much more active interest in the matter than is suggested by the Honourable Member's answer to parts (b) and (c) of the question.

Mr. G. S. Bajpai: Sir, the position is that the Government of India do not dispute the correctness of the statement made in the newspapers. They have issued instructions to customs authorities to keep them informed of the shipments of rice as they arrive.

IMPORT OF RICE FROM JAPAN.

314. ***Mr. Sitakanta Mahapatra:** (a) Will Government be pleased to state if their attention has been drawn to a statement in the *Statesman*, dated the 16th February, 1934, to the effect:

- (i) that a Japanese steamer has arrived at the Madras Harbour on the 14th February with two thousand tons of Siamese rice;
- (ii) that shipments of such rice in recent months have been fairly frequent, whereby the local market has been adversely affected;
- (iii) that a Japanese shipping company is proposing to institute a regular service between Siam and India, giving two rice shipments per month?

(b) If the reply to part (a) be in the affirmative, what action have Government taken, or propose to take, in order to safeguard the interests of the agriculturists?

Mr. G. S. Bajpai: (a) Yes.

(b) I would refer the Honourable Member to the answer I have just given to part (e) of Mr. Ramaswami Mudaliar's question No. 313.

FOREIGN RICE IMPORTED INTO INDIA.

315. ***Mr. Sitakanta Mahapatra:** Will Government be pleased to state what quantities of foreign rice have been imported into India from the 1st of October, 1933, till the end of the year?

Mr. G. S. Bajpai: 17,275 tons.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

316. ***Mr. S. G. Jog:** (a) Will Government be pleased to state if the Deputy Controller of Military Pensions, Lahore, is a competent authority to interpret and sanction pensions, under orders of Government, on the recommendations of the War Pensions Committee? If so, why is he referring claims to the Government of India? How many references, and, under what recommendations, have been made to the Government of India since the publication of the aforesaid Government orders? How many of these references have been disposed of till now, and in what way?

(b) In making references to the Government of India, does the Pension Controller represent the Government's view or the claimant's view, or both?

(c) Does the Pension Controller inform the claimant, before making these references to the Government of India, to enable him to amend, modify, or supplement his reasons, in the light of doubts felt by the Pension Controller, either on the point of interpretations, or of the scope of Government orders on the recommendations of the War Pensions Committee, or on the facts of the claim?

Mr. G. R. F. Tottenham: (a) The answer to the first part of the question is in the affirmative. The answer to the second part is that the Controller may submit for the orders of Government those cases in which he feels a doubt. The information asked for in the last two parts of the question is not readily available.

(b) The Pension Controller when making references to Government invariably explains all aspects of the case including the points on which he feels doubt.

(c) No.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

317. *Mr. S. G. Jog: (a) Will Government be pleased to state what procedure they recognise for the submission of appeals against the misinterpretations, or inapplicability of the Government's orders on the recommendations of the War Pensions Committee, made or adjudicated by the Officers Commanding in the first instance, and by the Controller of Military Pensions in the second instance?

(b) Has the Officer Commanding, or the Pension Controller, instructions to forward appeals to the appropriate higher authority? Are Government aware that appeals have been withheld by the subordinate officials?

Mr. G. R. F. Tottenham: (a) The procedure for the submission of all appeals is laid down in paragraph 379 and Appendix VII, Regulations for the Army in India.

(b) In accordance with the orders of Government on Recommendation No. XXI of the War Pensions Committee claims are liable to rejection by the authority to whom they are addressed if they do not comply with the requirements prescribed. The answer to the last part of the question is in the negative.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

318. *Mr. S. G. Jog: Is the Deputy Controller of Military Pensions a competent authority to decide that a particular claim falls under the "professional aspect of the case" for which Government do not recognise the right of appeal under recommendation No. III of the War Pensions Committee?

Mr. G. R. F. Tottenham: The orders of Government on the Recommendation quoted make it clear that the findings of a Medical Board as to the cause of a death or disability must be accepted as final. It is a question of fact and not of opinion whether any particular finding of a Medical Board is a finding as to the cause of a death or disability.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

319. *Mr. S. G. Jog: (a) Will Government be pleased to state what sort of evidence, apart from a discharge certificate showing the discharge on medical grounds, they require, under recommendation No. XII

of the War Pensions Committee, to discharge the onus that one is not entitled to a pension either under recommendation No. V or IX of the War Pensions Committee?

(b) Are Government aware that the Pension Controller has not taken the discharge certificates to be sufficient proof for the purposes of recommendation No. XII of the War Pensions Committee and has made a presumption, almost in all claims, apart from those referred to the Government of India, to the effect that the discharge certificate, not corroborated by some other independent evidence, is no proof that the individual is suffering from the same disability of which he was invalided from the field or foreign service and discharged by the original medical board?

(c) If the answer to part (b) be in the negative, do Government propose to see letter No. G.-3/2463, dated the 29th November, 1933, of the Pension Controller as one of the numerous instances of the practice mentioned in part (b) above?

(d) Are Government aware that the Deputy Controller of Military Pensions, Lahore, has been rejecting claims submitted under the recommendations of the War Pensions Committee, for arrears of pension on the ground that the claims were previously disposed of by the Government of India? Is it a fact that the Government of India, in the last paragraph of their orders on recommendation No. VII, have retained discretion to limit the amount of arrears granted in individual cases, with due regard to equitable and financial considerations, even in claims which are not belated, where the explanation is quite satisfactory and where a claim was erroneously adjudicated or revised in accordance with principles existing in pre-committee period?

(e) If the answer to part (d) above be in the negative, will Government please refer to letters No. G.-3/3610, dated the 6th December, 1933, of the Pension Controller, Lahore, and R.B./57, of the 23rd October, 1933, of the Officer Commanding, 2/6th Rajputana Rifles, as instances of the practice mentioned in part (d) above?

Mr. G. R. F. Tottenham: (a) If an individual's discharge certificate shows that he was discharged on medical grounds, even when the disability is not specified, a *prima facie* case for investigation would be established. Thereafter the grant, or otherwise, of a pension would be dependent on the circumstances of the case. Any evidence having any bearing on the case would be dealt with on its merits.

(b) and (c). Government are not aware of any cases coming within the scope of Recommendation XII that have been rejected by the Pension Controller, but they will call for the letter referred to and look into the matter.

(d) One case of this kind has been brought to the notice of Government and has formed the subject of a separate question and answer. The Honourable Member has presumably seen a copy of the Government orders which he purports to quote in the last part of this question. These orders are perfectly clear.

(e) The cases referred to will be examined.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

320. *Mr. S. G. Jog: (a) Will Government be pleased to state whether they transfer without arrears under India Army Order No. 24 of 1927, a family pension, not drawn by the heir, in whose name it was originally granted, owing to the grantee's death? If so, will Government please state the reasons therefor?

(b) Is not the transfer of family pensions, amongst recognized heirs of a deceased sepoy of the Indian Army, a right under the principle promulgated *vide* A. I. I. 877 of the 6th August, 1918?

(c) Is it a fact that in A. I. I. 877 of 1918, it is recognised that in cases in which no nomination is made, and if on the date on which the claim to pension is investigated, the nominated heir is dead, or disqualified, the pension will be admissible to the living relation, highest in the list in paragraph 1067, A.R.I., Volume I?

(d) Is the phrase "the claim to pension is investigated" mentioned in part (c) above, interpreted as referring only to first claim to pension, in the sense that Government consider their obligations to the family as fully satisfied, if the first grantee dies without receiving any pension? If so, under what authority?

(e) Is there no distinction as regards arrears in a transfer case in which the grant was availed of by the original grantee, and the one in which it was not availed of at all?

Mr. G. R. F. Tottenham: (a) Under the rules, the nominated heir is the only relative who has a specific right to a pension. Except in the case of a widow, the transfer of a pension, after the death of the nominated heir, is an act of grace on the part of Government and the grant of arrears cannot be claimed as a right.

(b) No. The only transfer that can be viewed as a right is a transfer to the widow, under the reversionary rule contained in paragraph 248 (II) (a) (ii) of Pension Regulations.

(c) Yes.

(d) No. The rules provide for investigation on behalf of the nominated heir, but if the nominated heir is disqualified, a fresh claim can be investigated on behalf of the next entitled person under the operation of the rule in paragraph 247 of Pension Regulations.

(e) The matter is entirely one for Government to decide and in doing so they would be guided by the particular features of the case under consideration.

CONSTRUCTION OF THE BATAIA-BEAS RAILWAY.

321. *Mr. Sitakanta Mahapatra: (a) Is it a fact that the construction of the Batala-Beas Railway was sanctioned in the year 1928 and that a section of the line between Batala and Qadian has since been opened for traffic?

(b) Is it a fact that work on the remaining section of the line from Qadian to Beas has been temporarily stopped?

(c) Are Government aware that the inhabitants of the locality have submitted several petitions to Government and the Agent asking for the early completion of the line upto Beas?

(d) Are Government aware that Srigobindpur, Ghoman and Baba-Bakala are places of pilgrimage and that there is no danger of motor competition for want of pucca roads in the locality?

(e) Is it a fact that the unfinished portion of the project is being re-investigated?

(f) If so, what progress has been made with the re-investigation of the project and when is it likely to be taken in hand?

Mr. P. B. Rau: (a) to (d). Yes.

(e) and (f). It is understood that the North Western Railway Advisory Committee at Lahore recently recommended that the completion of the line as far as Sri Hargobindpur might be reinvestigated and the Agent agreed to do so. The question of whether the construction of good roads would more adequately serve the needs of the area will also have to be carefully considered. I am afraid it is not possible to say at present when a decision will be reached.

Sirdar Harbans Singh Brar: May I ask a supplementary question? Is it a fact that Government built the railway up to Qadian only, because it is a Muhammadan place of pilgrimage, and not up to Beas Baba-Bakala because they are Sikh places of pilgrimage although there is no parallel road running for motor transport to compete with the railways?

Mr. P. B. Rau: I am sorry I have not been able to catch my Honourable friend fully, but I can assure him that, so far as I know, the construction of the line was abandoned on account of financial stringency.

RELEASE OF POLITICAL PRISONERS.

322. ***Maulvi Sayyid Murtuza Saheb Bahadur:** (a) Has the attention of Government been drawn to a message sent by Khan Abdul Ghaffar Khan calling upon the red-shirters to put a stop to the Civil Disobedience Movement?

(b) Are Government prepared to release all other political prisoners who may signify their willingness to serve for the relief of the sufferers of Bihar?

The Honourable Sir Harry Haig: (a) Government are informed that no such message has been sent.

(b) No.

PROMOTIONS IN CERTAIN GRADES ON THE LUCKNOW AND MORADABAD DIVISIONS OF THE EAST INDIAN RAILWAY.

323. ***Lieut.-Colonel Sir Henry Gidney:** Will Government be pleased to inform this House of:

(a) the number of promotions that have been made in the grades of Chargeman, Assistant Foremen and Foremen on the Lucknow and Moradabad Divisions of the East Indian Railway since the time of the amalgamation of the East Indian and the Oudh and Rohilkhand Railways, giving the following particulars:

(i) the dates of such promotions;

(ii) the names of the employees;

(iii) whether the employee so promoted belonged to the East Indian or Oudh and Rohilkhand Railway; and

(b) the number of promotions made to the lower gazetted service on the East Indian Railway since the time of the amalgamation of the East Indian and the Oudh and Rohilkhand Railways, giving the following particulars :

- (i) the dates of such promotions;
- (ii) the names of the employees;
- (iii) whether the employee so promoted belonged to the East Indian or the Oudh and Rohilkhand Railway?

Mr. P. R. Rau: (a) The information is not readily available and the collection of it is likely to involve a considerable amount of labour which Government do not consider justified.

(b) The information regarding the number of permanent promotions is being collected and will be laid on the table of the House in due course.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform this House where he places his collection boxes? Who and how he collects his information, and why is he not able to give information to the House even after 10 days' notice? Sir, the asking of questions is a matter of great importance to us, and the Honourable Member is developing a rather peculiar habit in his stereotyped replies.

Mr. P. R. Rau: I have promised that the information which can be collected without much difficulty will be collected.

Lieut.-Colonel Sir Henry Gidney: Sir, I wish on the floor of the House to make a statement and a protest. Many questions have recently been asked of this Honourable Member for Railways and his usual reply is that information is being collected or the labour entailed is not commensurate with the benefit. I ask: what is the use of Members asking questions when the Honourable Member is not inclined to reply to them or refuses information?

(No reply.)

CONTRIBUTIONS TO THE BIHAR EARTHQUAKE RELIEF FUND.

324. ***Mr. Gaya Prasad Singh:** (a) Have Government, or the Central Board of Revenue, received any communication from the Bengal Chamber of Commerce, Calcutta, suggesting that as an encouragement to donations to the Bihar Earthquake Relief Fund, contributions to the Fund should be allowed as a charge against profits, and not be chargeable to income-tax or super-tax?

(b) Do Government propose to take any action on this suggestion?

The Honourable Sir George Schuster: (a) Yes.

(b) The Government regret that they have been unable to accept the suggestion.

PROVISION OF QUARTERS TO THE TEACHERS OF THE EAST INDIAN RAILWAY SCHOOLS AT CERTAIN PLACES.

325. ***Sir Muhammad Yakub:** Will Government be pleased to state:

- (a) whether the teachers and other members of the staff of the East Indian Railway European schools are provided with quarters; and

- (b) whether the teachers and clerks of the East Indian Railway Indian schools at Tundla, Mughalsarai, and Bareilly, are provided with quarters; if not, why not?

Mr. P. R. Rau: Information is being obtained from the Railway Administration, and a reply will be laid on the table in due course.

PAY OF TEACHERS AND CLERKS OF THE EAST INDIAN RAILWAY SCHOOLS AT CERTAIN PLACES.

326. ***Sir Muhammad Yakub:** (a) Will Government be pleased to state if the teachers and clerks of the East Indian Railway schools at Tundla, Mughalsarai and Bareilly are allowed the same scale of pay as are in force in the Government schools of the Province to which they belong? If not, why not?

(b) Will Government be pleased to state whether the clerks of the East Indian Railway Indian schools at Bareilly, Tundla and Mughalsarai are also allowed the same scale of pay? If so, from what date? If not, why not?

Mr. P. R. Rau: I have called for certain information, and will lay a reply on the table of the House in due course.

APPLICABILITY OF THE FUNDAMENTAL RULES TO THE EUROPEAN AND INDIAN EAST INDIAN RAILWAY SCHOOLS.

327. ***Sir Muhammad Yakub:** Are the same Fundamental Rules, as regards leave, in force in both the European and Indian East Indian Railway Schools? If not, why not?

Mr. P. R. Rau: As I said the other day in reply to question No. 39 by Pandit Satyendra Nath Sen, the question of framing leave rules for the staff of the Indian Schools on the East Indian Railway is under consideration.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

328. ***Mr. S. C. Mitra:** (a) Is it a fact that the rate of disability pension per week for a sub-conductor in 1930 was eight shillings and six pence per week for 20 per cent disability?

(b) Is it a fact that the rate of disability pension per week for a sub-conductor in 1938 was six and a half shillings per week for 20 per cent disability? Will Government kindly state the date from which this six and a half shillings per week rate came into force?

Mr. G. R. F. Tottenham: With your permission, Sir, I propose to answer questions Nos. 328 to 331 together.

The questions are being carefully examined and a reply will be laid on the table in due course.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

†329. ***Mr. S. C. Mitra:** Is it correct that, according to their orders on recommendation No. 9 of the War Pensions Committee held at Simla in June, 1933, Government have no objection to allow old rules and rates to be applied in those cases in which they would be more favourable to the individual?

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

†330. ***Mr. S. C. Mitra:** Is it correct that the recommendations of the War Pensions Committee, as approved by the Government of India, have been sanctioned by the Secretary of State for India? If not, when is his sanction likely to be received?

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

†331. ***Mr. S. C. Mitra:** (a) With reference to the Government reply to question No. 592, dated the 4th September, 1933, in this House, will Government please state if it is a fact that the relative military ranks and the amounts of aggregate monthly pensions (service and disability pensions both combined) progressively rise according to one's pay on final retirement from the service, and that the Controller of Military Accounts and Pensions, Lahore, is assessing the relative military ranks and aggregate monthly pensions of people finally retiring from service on Rs. 200 per mensem and over at their pay in 1914-18, viz., Rs. 50 or 60 per month? If so, will Government be pleased to state which is the correct and right procedure?

(b) If the Controller of Military Accounts and Pensions' interpretation and application of rules is correct, will Government be pleased to state the relative military ranks that will be assigned to individuals D to I, referred to in question No. 592, dated the 4th September, 1933, put in this House?

(c) If the Controller of Military Accounts and Pensions' interpretation and application of rules is incorrect, are Government prepared to issue orders to the Controller of Military Accounts and Pensions, Lahore, to correctly assess immediately disability pensions of the kind approximating to individual "D" referred to in question No. 592, dated the 4th September, 1933, put in this House?

(d) Is it a fact that according to recommendation No. IV of the Pensions Committee, the Controller of Military Accounts and Pensions has not taken up and referred the matter to the Government of India for decision, when he received a copy of question No. 592, parts (a) and (b) of the 4th September, 1933, and of the reply thereto?

(e) Are Government aware that disability pension cases of the kind approximating to individual "D" referred to in question No. 592, parts (a) and (b), dated the 4th September, 1933, have been outstanding for years and have caused considerable inconvenience and loss to the parties concerned?

(f) Do Government propose to forward a copy of these questions, and of their replies to the Controller of Military Accounts and Pensions, Lahore, for information and immediate necessary action?

†For answer to this question, See answer to question No. 329.

STRENGTH OF SUPERIOR OFFICERS IN THE FOREIGN AND POLITICAL DEPARTMENT.

332. *Mr. S. G. Jog: (a) Will Government be pleased to state the total strength in the Foreign and Political Department of superior officers drawn from the Indian Civil Service and the military officers holding King's Commissions, respectively, and the number of Europeans and Indians therein?

(b) Is it a fact that since the last two or three years, no Indians have been recruited to this service?

(c) Do Government propose to Indianise the service in accordance with the policy of Indianisation declared in the Preamble to the Government of India Act of 1919?

(d) Will Government please state why no Indians have been recruited to the Foreign and Political Department of the Government of India?

(e) Will Government state their general policy in this matter?

Mr. H. A. F. Metcalfe: (a) Recruitment for the Political Department of the Government of India is made from the Provincial Civil Services as well as from the I. C. S. and the I. A. The number of European and Indian officers drawn from these sources and at present serving in the Department is as follows:

	I. C. S.	I. A.	P. C. S.
European	46	105	..
Indian	1	8	6

(b) No. Two Indians were recruited from the I. A. in 1930-31 and one from the P. C. S. in 1932-33. Owing to financial stringency recruitment for the Department was totally suspended in 1931-32 and reduced by 50 per cent. in the following year.

(c) The accepted policy of Government is to fill 25 per cent. of the annual vacancies in the Department by Indians provided that suitable candidates are forthcoming from the services from which selection has to be made.

(d) Does not arise in view of my replies to questions (a) and (b) and (c) is covered by the reply to question (c).

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

333. *Mr. S. G. Jog: (a) Will Government be pleased to refer to their orders under recommendation No. VII of the War Pensions Committee, in which they agreed to the first part of the recommendation that a pension sanctioning authority may grant full arrears if he is satisfied with the explanation for the delay, and in which they emphasised the fact that the recommendation was in conformity with the existing practice, and state if the Deputy Controller of Military Pensions, Lahore, has been rejecting claims which were initiated either on the representation of the claimants themselves, or were initiated by the Officers Commanding, admitted in the first instance, revised later by the Controller, as not falling within the first part of the aforesaid recommendation No. VII?

(b) Is not the Soldiers' Board a competent authority to entertain petitions under Appendix VII to the Regulations for the Army in India?

(c) Is not the fact of the death of the first holder of *Jungi Inam* certified by the Pension Controller, and by the Officer Commanding, if the death occurs in service during the War, before transferring a *Jungi Inam* to the second heir?

(d) In what way has the certification mentioned in part (c) above, and the consideration of the fact of death by the Soldiers' Board, in adjudicating the transfer of the *Jungi Inam*, been regarded as not amounting to the submission of claim to family pension in time, in cases where the applicants claimed a family pension and not a *Jungi Inam*?

(e) What action do Government propose to take to do justice in such claims?

Mr. G. R. F. Tottenham: With your permission, Sir, I propose to answer questions Nos. 333 and 334 together.

The questions are being carefully examined, and a reply will be laid on the table in due course.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

334. ***Mr. S. G. Jog:** (a) Will Government be pleased to state if, under 1922 rules, field rates of pension are admissible, on account of "disabilities resulting from field service"?

(b) Is it not a fact that in Army Order No. 130 of 1927, the expression "disabilities resulting from field service" has been interpreted as disabilities contracted in an area declared to be a field service area?

(c) Had Government any reservation in mind with regard to the exclusion of certain disabilities from the domain of recommendation No. V of the War Pensions Committee, when they accepted the recommendation "applicants for Great War disability pensions should get the general benefit of the 1922 rules, and their claims should be dealt with under those rules, but Government should accept the presumption that 'all disabilities contracted on field or foreign service during the War were, in fact, attributable to military service' "?

(d) Are Government aware that disabilities sustained in Mesopotamia during the War, on account of falling off a horse, have been certified by the Medical Board as attributable to "military service" and not to "Military service in the field" to admit of field rates of pension as mentioned in part (a) above?

(e) Are Government aware that the reasons advanced by the Head-quarter Brigade Area, Poona, on the 9th June, 1932, are "the action of falling off a horse and sustaining injury is not attributable to 'field service' conditions such as disease contracted through undue exposure, wound, etc."?

(f) Is it the intention of Government to adjudicate claims to disability pensions in the light of the reasons stated in part (e) above by introducing a new term 'field service' conditions, instead of the term 'field service' as mentioned in parts (a) and (c) above?

(g) Are Government aware that appeals on the point stated in part (e) above have been withheld and the grounds stated are that "the opinion regarding falling off a horse and sustaining injury is not formed by the Officer Commanding, but this is the final decision of the higher authorities"?

†For answer to this question, see answer to question No. 333.

(h) Have the views stated in part (e) above been concurred in by Government, and do they approve of the withholding of such appeals by Officers Commanding?

(i) Do Government propose to take any action to prevent Officers Commanding and other administrative officers from assuming the rôle of interpreters of Government orders, on the recommendations of the War Pensions Committee? If so, what?

RECRUITMENT OF TEMPORARY EMPLOYEES IN CERTAIN GOVERNMENT OF INDIA OFFICES.

835. ***Maulvi Sayyid Murtuza Saheb Bahadur:** Is it a fact that in the Department of Industries and Labour, Office of the Imperial Council of Agricultural Research, Central Board of Revenue, Office of the Director General, Indian Medical Service, Office of the Controller of Printing and Reforms Office, a number of relatives of the Establishment Officers, Personal Assistants and Stenographers have been and are being entertained in temporary and permanent vacancies which do not come within the scope of the Public Service Commission? If so, why?

The Honourable Sir Harry Haig: No.

THE GENERAL BUDGET—GENERAL DISCUSSION.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now proceed with the general discussion of the Budget. A time-limit of 20 minutes is fixed for each speech.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I think I must part with the usual practice of showering congratulations on this occasion on the Honourable the Finance Member for the very simple reason that Honourable Members will be very much tempted on this particular occasion to shower a good deal of congratulations on him as he is going away from our midst. I hope that this Assembly will take an opportunity of organising a Luncheon—and I hope to have a hand in organising it—to the Honourable the Finance Member and the Leader of the House when we shall indulge in the luxury of congratulations. (Laughter.) But now I propose very plainly to point out to him that this is the most lamentable Budget that has ever been presented to this House and I wish he had left it to his successor to initiate such a lamentable policy. On this particular occasion he has created panic in the country. What is the policy that the Honourable the Finance Member has propounded? He has propounded a policy of taxing production, a policy not of taxing profits, but of taxing production, a policy of taxing food which is as rotten as that of taxing the poor man's salt.

Sir, I have had the honour of representing for three successive Assemblies a constituency which produces sugar, and I would not have cared to come today to speak but for the fact that I must speak for my poor constituents and the people of the country. And this I am doing

against medical advice. (Interruption by Diwan Bahadur A. Ramaswami Mudaliar.) My friend, Diwan Bahadur Ramaswami Mudaliar, with his usual frivolity, except when it is a 'rice problem, says "poor constituency"! He is a rich man, but I am concerned with the poor people of Rohilkund and Kumaon. He comes from a rice producing place and his heart bleeds at question time when he has to speak for the rice producing people. He says "poor indeed" with that unnecessary frivolity. (Interruption by Diwan Bahadur A. Ramaswami Mudaliar.) No, I cannot give way to the absurd statement of the Honourable the Deputy Leader of the principal Opposition who, with a lack of due sense in responsibility on this occasion, laughs and exclaims "poor indeed"! I do not mind when the occasion arises—because a special Bill on this is promised by the Honourable the Finance Member—if the Deputy Leader of the Opposition walks into the same lobby with the Finance Member. But here I am proposing definitely to take a very strong exception to what I consider as a most deplorable policy.

Sugar, Sir, is an important article of food of the poor people and the Honourable the Finance Member makes it a part of his policy—with what purpose, probably the future will visualise—to embark upon a most discredited form of taxation, namely, the imposition of the excise duty. Sir, unhappily I have not had the opportunity of listening to his speech, but I have read through his speech and the most unconvincing part of his speech is the part which relates to the imposition of excise duty on sugar. It is full of lame excuses. For instance, in one part of his speech he says:

"Lastly, from the point of view of the general tax-paying public of India, who are neither sugar manufacturers nor cane growers, we feel that it is fair that some steps should be taken to preserve revenue from this source."

The tax-paying public of India are invited to pay a food tax, for what else is this excise duty except a tax on the actual production of an important article of food for the people. If he were so concerned with the tax-paying public, I should say he should have agreed to put his tax on profits and not on production. We know that this will have a terrible effect on the sugar producers. India has every right to have an opportunity of producing her own sugar. She has every capacity to produce her own sugar. And here is a Finance Member who, on the eve of his financial administration of this country, gives a parting kick to one of the most important industries and to the consumers. I cannot congratulate him on this parting kick. No. Representing as I do the people of the Rohilkund Division of the United Provinces and the people of India, I cannot congratulate him on this kick which the country will deeply resent. I propose to go to my constituency and tell them that if this Sugar Bill is passed, how to get the situation remedied, for, when there is so much agricultural depression, when the industrialists are faced with a crisis, here comes an Honourable Finance Member and says: "I propose to impose an excise duty". The excise duties on cotton manufactures were bad, but an excise duty on sugar will be very unjust and unjustifiable. He talks of over-production! He says we are threatened with over-production of sugar. I refuse to take this statement from the Honourable Sir George Schuster. Where are his facts for over-production? Is not sugar coming into this country even now? Has not my country the right to produce sugar for its people to feed? (Cheers.) The Honourable the Finance

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Member talks of over-production. Has not my country the right of exporting sugar to other countries? He talks of over-production. Is there not over-production of cotton goods in England? Are you not devising means of sending those cotton goods to this country? Are you not trying to buy our cotton, if possible, so that we may buy less of Japanese cotton goods? Are you not thinking of exporting cotton manufactured articles in larger quantities to this country? Similarly, have we not got the right of importing into your country our sugar? England buys sugar, and so we can stipulate that we buy their cotton goods and they should buy our sugar. Here is an attempt to cripple our industries by resorting to a policy which no industrial patriot will support, for this is nothing short of attempting to create a panic in the minds of the sugar producers. The Honourable the Finance Member says, he is going to impose a minimum price on sugar cane, and by so doing, he tries to tempt the agriculturist. I say, Sir, the agriculturist must be a fool to be tempted by those arguments which cannot hold water. He himself, in one breath says: "Oh! you are over-producing, your factories are developed", and, in the same breath, he says: "I propose to put a minimum price on sugar cane". You cannot have both things if you want to be logical. If there is over-production or a tendency to over-produce, if there are factories which are indulging in over-production, surely the sugar cane producer will find a market in which to sell his sugar cane. There is a terrific demand for sugar cane in this country at present when our sugar factories need them, and, surely, by trying to place a minimum price on sugar cane, the Honourable Member is pretending to protect the sugar cane grower while at the same time he is dividing the agriculturists from the industrialists, whereas there can be no division between them, because agriculture is based on industries and industries are inter-connected with agriculture. You cannot divide the sugar cane grower from the sugar factory runner. It is ridiculous for the Honourable the Finance Member to indulge in such unconvincing statements to prop up a case the like of which, I, at any rate, have not heard being presented to this country. Do excise duties exist in any part of the widely flung Empire of the Honourable the Finance Member? If they do, are they excise duties on the principal articles of food stuffs, on the necessaries of life? If excise duties exist in the British Empire, they are duties not on necessaries of life, but on luxuries such as alcohol, tobacco, and so on. Here is an Honourable Finance Member who puts excise duty on a necessity of life. I am not talking of matches, because I do not want to exhaust the arguments of other speakers. I am not referring again for the time being to his trying to mislead the public by saying "I have introduced one anna letters", whereas if he really wanted to save the poor, he should have introduced not one anna, nor half anna, but pice post cards. I am not referring now to these items. I shall purely concentrate on a matter which affects my constituents and I promise good battle to the Honourable the Finance Member right through this Sugar Bill so far as I am concerned. I owe a duty to my people who had sent me to this Legislature in three successive elections and I have, as I have said time and again, no higher satisfaction than to serve those who have put their trust in me. I take this occasion to perform that duty, and I hope the Honourable the Finance Member will not develop the policy of raising revenue through excise duty. You, Sir, as an old cotton manufacturer knew well of the old complaint that used to be of Bombay and other industrialists "why choose

us for this excise duty, why single us out for this duty". If you read the resolutions passed at successive Industrial Conferences, you will find the same complaint asking the Government why they have singled out the cotton manufacturer for excise duty and why this excise duty was not imposed on other industrialists. Here is a Finance Member who develops a regular policy of raising revenue by excise duty. I warn the House that there is a deeply laid policy, I may say almost a conspiracy, to once again revive the cotton excise duty so that the cotton manufacturer will not say in future "I alone, the cotton manufacturer, am subject to this excise duty", because the sugar manufacturer comes in and the match manufacturer comes in for this excise duty. No, Sir. If you want to raise duties, by all means tax the profits, by all means increase your taxation on profits. In that case the industrialists all-round will be hit and probably the Honourable the Finance Member wants to save a certain class of industrialist from being hit. He only wants to hit the sugar manufacturer and the match maker (Laughter), and so on. I am glad at any rate that Honourable Members on the Official Benches had some opportunity to laugh, because the expression "match maker" has got two interpretations.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Are they match-making?

Mr. C. S. Ranga Iyer: My Honourable friend, Mr. Mody, will soon find that the excise duty that the Government are now putting on sugar will recoil on his cotton, because I remember young Mr. Mody standing by the side of Sir Phiroze Shah Mehta and waxing eloquent: "Why do you choose the cotton manufacturer alone, why do you choose the Indian mill-owner alone for this excise duty? Why do you not choose other industries?" I put it to my Honourable friend to say whether he did not say so.

Mr. B. Das (Orissa Division: Non-Muhammadan): He must have forgotten.

Mr. C. S. Ranga Iyer: The Honourable Member does not answer me, and I take it that silence is acquiescence.

Mr. H. P. Mody: I will certainly do my friend the courtesy of answering him later on when the sugar duty comes up specifically before the House.

Mr. C. S. Ranga Iyer: I know that he is opposed to excise duties all his life, and, therefore, he will certainly support me as I have supported him in the past. We want to make it impossible for a Finance Member to develop a regular policy of putting excise duties whether on cotton manufacture or on sugar. Sugar stands first and cotton comes next, because sugar is an article of food. What are the facts which the Finance Member has ignored? England levies a duty on profits. In the same way if the Honourable the Finance Member taxes the profits, incidentally sugar factories will spring up all over the country, there will be employees whose salaries also he can tax. Again, are not the railways also making a profit, I ask, by this transfer of sugar cane from the place of its growth to the factory, for, up to within two hundred miles, these sugar canes are sent by rail in many places. Therefore, why hamper the increase in the number of sugar factories in this country? Why should it not be possible

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for India to feed the entire British Empire,—for the Honourable the Finance Member, is a believer in free trade within the Empire,—why should it not be possible for India to feed the bulk of the British Empire with Indian sugar? We have a right to ask that.

The Honourable Sir George Schuster (Finance Member): And I have a right to reply. India will be able to feed the British Empire with sugar when India is able to produce sugar at a price which is not three times the price at which Java can produce it at present.

Mr. C. S. Ranga Iyer: And when India is producing sugar under such comparative difficulty, will the Honourable the Finance Member explain why he increases this difficulty by this iniquitous imposition of an excise duty? The Honourable Member has no reply. (Laughter.)

The Honourable Sir George Schuster: I have plenty of replies, and the Honourable Member can wait for my replies in due course.

Mr. C. S. Ranga Iyer: That is better, as I am speaking under a time limit. But when he gives his reply in due course, I hope he will take into due consideration the observation of one of his predecessors who had not only the financial sense which the Honourable the Finance Member, who is an expert, most certainly has, but a political sense; for though not an expert he was a versatile genius,—I mean Sir Malcolm Hailey, the ablest politician in the Civil Service and also one of the ablest thinkers in the Civil Service. This is what he said, speaking of the excise duty, in March 1922, in this House:

"I admit that in itself it (*viz.*, the excise duty) is not a good tax, because it is a tax on production and not on profits."

And when he keeps this in mind, he will find it pretty difficult to satisfy the House why he should have wandered out of the beaten tracks to which the Finance Members in the other parts of the Empire are accustomed, and started the imposition of what Lord Hardinge once described as an iniquitous duty.

Sir, I do not want to go further into this subject. Every set of arguments that was urged against the excise duty during the agitation to get rid of it by the able patriots in our country, every set of arguments which the officials at a later stage made their own, will be applicable to the imposition of this new duty. A tax on the production of the largest and most important indigenous industry like sugar will be a tax which will be not only economically but also morally indefensible. Sir, I hope the Honourable the Finance Member will not put this new clog on the wheel of India's industrial progress. I would that he would give every facility for the indigenous sugar producer to feed the British Empire, for I believe in one part of the Empire benefiting itself and another part of the Empire by trade which will suit them. We can send England our sugar, England can send us something else; and if our factories increase, England will send us her machinery. Therefore, even for improving Indo-British trade, so far as machinery goes, England will be benefited by the increase of the number of sugar factories in India. And, as I told you,

there are other matters into which we could enter, as you did, Sir, under the Ottawa Agreement, into inter-Imperial trade relations. But the Honourable the Finance Member must not start by hampering the growth of an indigenous industry which has every right to rise and which the people want should prosper. If we are not going to prosper in the direction of producing our own sugar for which India has the greatest competence, how are we in these days of agricultural depression to prosper? He talks, as I said, of imposing a minimum price on sugar cane. Well, if the sugar factory people do not buy sugar cane or if the sugar cane producers do not get the price they want, they can change their crop from sugar cane to something else; they can have the wheat crop or the paddy crop. Surely the Honourable the Finance Member need not concern himself so much with our sugar cane producer. If factories, for instance, grow in South India, the rice grower will grow sugar cane in larger quantities. Therefore, if he does not handicap the growth and spread of sugar factories in this country, he will be helping the sugar cane producer. He talks of the co-operative system. Sir, the co-operative system has not got all the virtues that are generally attributed to it. Sometimes the co-operative system has itself put clogs on the wheels of agricultural progress. Therefore, I must ask the Honourable the Finance Member to leave the sugar industrialists alone and to reap his revenue from taxes on profits and not on production. (Applause.)

Mr. Nabakumar Sing Dudhoria (Calcutta Suburbs: Non-Muhammadian Urban): Sir, as a mere recapitulation, devoid of any bold, original and constructive scheme, this last Budget speech of the Honourable Sir George Schuster, running over 51 pages of close print, has been a little too trying for our patience. But the adroit way in which he has managed to achieve a surplus cannot fail to impress us. Heaven knows what fate would have attended his Budget if the accidental receipt, as an effect of the Capitation Tribunal Award, had not come, or if the Debt Redemption Fund had been as fully fed as budgeted. But when a surplus was designed and actually obtained, it was natural to expect that the mighty avalanche of direct and indirect taxation, which has characterised his régime, should have given in a bit. But, I forget, Sir, that what my Honourable friend had been pursuing so long was to secure credit and sound finance for this country on the eve of the proposed constitutional changes.

There is sure to be some amount of exultation over the unexpected reduction in the military expenditure to 44½ crores, six crores below even what Inchcape Committee recommended. But when we seriously ponder over the causes which have contributed towards that end, the sudden drop does not seem to be so surprising. In 1913-14, the Indian Army cost only 29½ crores. Since then the annual cost of a British soldier has risen from 1,000 to 2,500 rupees, and of an Indian soldier from 300 to 650 rupees. There is yet in reserve about 1,000 Officers, recruited between 1915 and 1920, quite in excess of requirements. There is still a good deal of overlapping and provincialising of *bond fide* military expenses. So, Sir, to me even 44½ crores expenditure for an army of occupation in quite normal times, without any probable or potential engagement anywhere, appears to be quite a huge figure. But, again, I forget, Sir, that the military expenditure has to be kept at a high figure for reasons of State, because there would be no chance of raising a loan in the City of London if we tried to reduce the British garrison or the present strength of the British Army.

[Mr. Nabakumar Sing Dudhoria.]

Again, as our sugar industry has not yet reached the complimentary stage which my Honourable friend has ascribed to it, I cannot but decry the proposed excise duty on sugar. When protection was first extended to sugar, it was done with a two-fold object: the obvious one was the stimulation of the country's industry, but the latent one was to find a market for the British-made sugar machinery for the partial solution of the British unemployment problem through the preferential tariff. What was lost on the customs revenue on sugar by the intended protection was thus partially gained by the duty on machinery and surcharge thereon. Then, Sir, the protection was extended for seven years certain, but it was understood then that the period would be extended for another seven years, if the stage of the industry required it after an examination. But from what transpires now, it is more than evident that the protection will go as soon as the first instalment of seven years is over, examination or no examination. The excise duty is sure to hit hard the Bengal enterprise which is just coming into the field, and will materially prejudice the general outlook of the sugar industry in the whole of Northern India. But, I wonder whether the excise duty on sugar would have gone quite unopposed had there been a lot of non-Indian capital invested in the industry.

When I find that there have recently come into being some match factories, directly financed by foreign non-British capital, but carried on *benami*, some of them, under the helpful guidance of people who have once had the rare privilege of examining the ins and outs of the Indian match industry first-hand, I cannot but partially welcome the excise duty on matches. The duty will have some deterrent effect upon those concerns no doubt, but what was really needed was some such steps as could have ousted, both open and hidden foreign capital, from that industry. But the reasons which my Honourable friend has adduced for extending the duty to the cottage industry, which forms the *bona fide* Indian industry, do not appeal to me in any way. Again, to try to rope in the Indian States through some agreement to assist in the proper functioning of the duty will be beset with a lot of complications and is of doubtful utility. The possibility of such joint action could have been left over till the inauguration of the Federal Constitution.

Then, the reduction of the import duty on silver is sure to cause some unsteadiness in the silver market which had remained for a long time steady.

Again, when the tanning industry is fast developing in this country, the abolition of the export duty on raw hides will prove greatly deterrent to that industry especially in South India, Punjab and Bengal, although there may be some other mysterious reasons behind those stated for that step.

My Honourable friend in claiming credit for his budget could have spared twitting the policy that America and Japan have recently pursued to solve their financial troubles. It is true that my Honourable friend did not betake himself to any monetary manipulation like America, but he cannot say that he did not resort to loans like Japan. Taxation upon taxation, duty upon duty, ~~plus loans year after year, both here and abroad,~~ almost reached the figures of condemned Japan for the last two years. ~~Then we must not overlook the fact that what America and Japan have~~

done, either in manipulating currency or in raising loans, was for the sole improvement of their whole national financial structure. But what my Honourable friend has actually done here with his loans was to meet only the bare administrative needs, not a pie being spent for the furtherance of any nation-building project.

My Honourable friend has tried to bring out in relief two things: one, that of late a lot has been to foster and stimulate largely some of the country's industries and manufactures by the different departments of the Government. Secondly, that ways and means are being thought of whereby the agricultural depression may be got over. It may be true, very likely it is, that a few local industries and manufactures are receiving support from some of the Government Departments, but what I see is that the number of technically qualified unemployed youths is daily on the increase, making the general unemployment problem quite serious. We shall wait and see what turn events take, for the consummation of the latter object.

What my Honourable friend has said about the results of the Ottawa Agreement on the Indian Trade outlook I note with great gratification, but if my Honourable friend had analysed the differences of opinion between McKenna and Paton as also among the other economists in England on that vexed question, he would have hesitated a bit before waxing so eloquent over the results of his achievements in Ottawa.

Again, it does not behove the Honourable the Finance Member to come straight to the conclusion that whereas salt, kerosene and piece-goods are yet consumed at a fairly high level, therefore, the condition of the generality of the people is prosperous. Nothing can be a bolder assumption than that, when the real facts, which we see with our eyes before and about us, wholly belie that conclusion.

Sir, I must now turn aside from criticisms to a pleasant task, that is, to express my gratitude to him for the relief that he has been pleased to give by introducing a middle course in postage and inland telegraph rates, although I feel that the increase of a pie in packet postage has been quite inconsistent with the spirit in which these modifications have been introduced.

Then, the grant of the whole surplus of the Budget for the relief of the recently earthquake-damaged Province of Bihar will be hailed with the greatest delight throughout the length and breadth of the country and will endear my Honourable friend to the people of the havoc-stricken areas.

Lastly, Sir, coming as I do from Bengal, I owe the Honourable the Finance Member a special debt of gratitude for the financial assistance that he has given to that Province, which has been from year to year in the throes of a deficit Budget, notwithstanding her largest earning capacity. But until and unless the iniquity of the Meston Award is modified and due justice is done to the fair Province of Bengal, she is sure to wallow in the quagmire of perpetual deficits, much to the annoyance of her Government and the chagrin of her people.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, the Honourable Mr. Ranga Iyer who has preceded me has warned the Opposition not to indulge in mere congratulatory speeches to the Finance Member on his valedictory Budget, especially as he is leaving us within a short time; and he has also assured us that

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there would be an opportunity when a party is arranged in his honour to indulge in any amount of congratulatory speeches: but, Sir, I have not yet received an invitation for that dinner and so I may not have that opportunity of congratulating him there. However, I shall assure my Honourable friend that I will not indulge in an over-congratulatory speech and I will subject the Budget proposals, according to my humble light, to severe criticism and voice forth my opinion on these Budget proposals. My previous utterances in this House also do not show that I was over-congratulatory to the Government side, and that I have always been critical of their measures. Hence he can take my criticism as fairly honest and impartial. Sir, the Budget that has been introduced this year appears to be fairly satisfactory. It is more carefully and more scientifically planned than any of his previous Budgets. The Budgets of the two previous years were framed with the idea of raising as much revenue as possible in order to make up the yawning deficits that had unfortunately been occurring from year to year for the past few years. Hence, Sir, they did not take into consideration the effects that the taxation proposals would produce upon the capacity of the people to pay or their effect on the trade and commerce of this country. Take, for instance, the surcharge of 25 per cent on all and sundry articles. The result has been that the operation of the law of diminishing returns has come in, and there has also been overabundance of protection to some of the industries resulting in a very heavy diminution in the customs revenue. After the experience of the last few years, the Honourable Member has come forward with a well thought-out and well planned Budget. This does not mean that I accept all the proposals that my Honourable friend has put forward, in fact I may frankly say that some of the proposals are bound to be severely criticised, but, Sir, I think on the whole I can congratulate the Finance Member for having produced the present surplus Budget. Now, Sir, though the Finance Member has shown a surplus of 129 lakhs for the current year, yet on an analysis of all the figures it does not show that there is any surplus. This surplus has been brought about on account of many circumstances. In the first instance, according to the Budget of 1933-34, the Finance Member had framed a Budget which, after making a provision of nearly 688 lakhs for the reduction and avoidance of debt, would show a surplus. But on account of a heavy falling off in the customs revenue of five crores of rupees, the surplus which he had anticipated has turned into a deficit. Consequently he has made provision to pay only about three crores of rupees instead of 688 lakhs which he had provided for the payment of reduction and avoidance of debt. Not only that, Sir, but he has been helped by other fortuitous circumstances like the windfall of 178 lakhs being the contribution from His Majesty's Government by way of capital charges and also retention of 88 lakhs of rupees which in the ordinary course of things he ought to have paid as interest on war loan. Even with these fortuitous circumstances, there would still have been a deficit of nearly 2½ crores of rupees. But on account of what I may call manipulation by not paying 368 lakhs towards reduction of debt and also on account of the fortuitous circumstances which I have stated, the deficit Budget has been converted into a surplus of 129 lakhs for the current year.

The Honourable the Finance Member has budgeted for a surplus of a few lakhs of rupees this year also, but that too has been brought about on account of the short provision for the reduction and avoidance of debt.

to the extent of three crores and 88 lakhs of rupees. Thus, if you will take the figures for these two years into consideration, there would have been a deficit of nearly eight crores which he ought to have in the ordinary course made good by way of raising fresh taxation, but, on account of these manipulation of figures, he was able to present a balanced Budget. Taking, therefore, all the above circumstances and also the fact that the agricultural prices have not shown any tendency to rise so far, we are not justified in acquiescing in the rosy optimism which the Honourable the Finance Member has presented regarding the conditions of India. We on this side feel that the five per cent cut which was restored last year has been done too prematurely. Further, the Finance Member must not relax his searches for economies both in the civil and military expenditure of this country.

Sir, coming now to the proposals for taxation which have been made in the Budget speech by the Honourable the Finance Member, I shall take first the most important item, namely, sugar, which has been subjected to so much severe criticism by my friend, Mr. Ranga Iyer, who presumes to speak on behalf of the agriculturists of this country. After listening to his speech, it occurred to me that he was not justified in making such severe condemnation of the proposals contained in the Budget speech. He said that the levying of an excise duty was a very bad principle. I do not want to enter into the ethics of these excise duties, but I will take the instance of sugar in particular. The Tariff Board has recommended a protection of Rs. 7-4-0 per cwt., and also a further protection of eight annas per cwt., if the price of Java sugar falls below four rupees cwt. Thus the Tariff Board recommended a full protective duty of Rs. 7-12-0, but this sugar protection has gained an additional protection of Rs. 1-13-0 on account of the surcharge which was unforeseen at the time of the Tariff Board report. Therefore, as a result of this kind of overabundance of protection the sugar industry has grown by leaps and bounds in the country, and within a year or so we will be able to produce sugar sufficient for consumption in this country. Now, the result of this protection has been that the income from customs has fallen from 10 crores in 1930-31 to about two crores of rupees and over budgeted for the year 1934-35. Thus there has been a fall of nearly eight crores. This must be made good in some way or other, and if sugar is left untaxed, then the whole burden would fall on the consumer in some way or other. The proposal of the Finance Member is to impose an excise duty of Rs. 1-5-0 which leaves the full protective duty of Rs. 7-12-0 recommended by the Tariff Board untouched. Hence the producers of sugar cannot grudge this excise duty. This will bring in about 147 lakhs of rupees of revenue to the Government. On account of this protection, many industrialists, who have started sugar cane mills, have profited enormously, and in an indirect way they would be paying income-tax on the profits they have been making. This protection has been responsible also for the importation of machinery, and thus the customs revenue has gained to some extent. My Honourable friend, Mr. Ranga Iyer, was very solicitous about the welfare of agriculturists while opposing the Excise duty. He was talking of the "poor" sugar manufacturer, and at the same time he was evincing sympathy for the agriculturist. He has thus brought the agriculturists and the industrialists in the same category though all the profits that have been made on account of the protective duty have gone into the pockets of the industrialists. Cases have come to light where the cane growers have not received their proper share of price for the cane.

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In these Budget proposals there is a provision for fixing a minimum rate for the cane growers and empowering the Local Governments to fix that minimum rate. I suggest to the Government of India to fix the irreducible minimum rate here and now, and allow the Local Governments to fix any amounts over and above that to suit local conditions. The reason is this. There are certain provinces which have already developed their sugar industry and they may like to protect that industry and thus may fix a lower rate for the sugar cane in order to protect the sugar industry. That is why I want that the Government of India should fix the minimum rate below which the Local Governments could not go, and that minimum has already been recommended by the Tariff Board. In this connection I am glad to find that the country-made sugar—*khandsari* sugar—has been exempted from the excise duty. This is as it should be. Because most of the cane-growers are also manufacturers of country-made sugar and hence there is no question of hardship to the cane-grower. On the other hand, if this excise duty is levied on country-made sugar that will not be able to stand the competition of the factory-made sugar, because the country-made sugar always commands a lower price in the markets than the factory-made sugar. So I welcome this proposal of the Government of India not to have this excise duty on country-made sugar.

The next proposal is the tax on tobacco. Here, also I happen to agree with the Government. Hitherto there was a lower import
 12 Noon. duty on the unmanufactured tobacco and a very high duty on cigarettes. The import duty was Rs. 10-10-0 per thousand cigarettes whereas the duty on unmanufactured tobacco was only Rs. 2 per pound. The result was that the manufacturers, instead of importing cigarettes from abroad, established factories in India and imported unmanufactured tobacco and manufactured cigarettes in this country and thus avoided paying customs duty. It was a distinct loss of revenue to the Government.

Mr. N. M. Joshi (Nominated Non-Official): But you get employment.

Mr. T. N. Ramakrishna Reddi: As to that, I am told on reliable authority that employees get only about 17 per cent. and the balance of the profits goes to the pockets of the manufacturers. In the usual course of things this high duty on cigarettes would have helped the Indian manufacturer of cigarettes, but unfortunately, India is not producing in large quantities, the kind of tobacco which is necessary for the manufacture of cigarettes. The result has been a loss of revenue to the Government, and now the proposal is to raise the duty on unmanufactured tobacco to Rs. 2-6-0 and lower the duty on cigarettes. There will thus be an impetus for the importation of large quantities of cigarettes from foreign countries.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Is that good?

Mr. T. N. Ramakrishna Reddi: At least we will get more by way of customs revenue. The factories in India would hereafter use more and more Indian tobacco, and that is an important thing. From all these points of view, I welcome the increased duty on tobacco.

The next is the reduction of duty on silver. I was one of those who opposed the duty on silver when it was imposed three years ago. I said on that occasion that though it would no doubt raise the price of silver,

yet, when the Government, for their own purposes, removed that duty, the price of silver would automatically fall, and silver being the precious possession of the poorer people, the poorer people would suffer enormously. The present proposal is to reduce the duty only to some extent. Here I may congratulate the Finance Member on reducing it only to a little extent. The reduction of the duty by only 2½ annas will encourage the importation of silver which has completely stopped now. At the same time it will not have the effect of lowering the price of silver as it exists at present, as is evident from the fact that the price of silver has not fallen during the last few days since the Budget has been introduced. Therefore, I welcome this reduction of silver duty as it would yield customs revenue.

With regard to hides, coming as I do from the Madras Presidency, I cannot welcome this removal of the duty on hides. There the tanning industry is making rapid progress, and it would be considerably crippled if this export duty on hides is removed. Not only that, but it would encourage larger quantities of hides being exported, with the result that the manufacture of leather goods, which has been making rapid strides in this country, will be hard hit, because there will not be sufficient quantities of leather for manufacture. For these reasons, I do not welcome the removal of the export duty on hides.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member will now conclude.

Mr. T. N. Ramakrishna Reddi: I will conclude very shortly. With regard to the postal and telegraph rates, there has been some reduction, but, as I have given notice of amendments on these under the Finance Bill, I will not dilate upon that subject now.

I will now come to the most controversial matter, namely, the excise duty on matches. I oppose this excise duty on two grounds, one on its own merits, and, secondly, on the reasons which led to the imposition of this duty. The Finance Member has introduced this apple of discord among the various Provinces. He has been very helpful to a prodigal Province, whereas the Province of Madras, from which I come and where they have been starving the development departments, has got to suffer and to pay for the sake of other Provinces. No doubt Bengal has been having deficits for the last two or three years. This deficit period synchronised with the active terrorist movement in Bengal. The deficits are due to various causes. This is due to the large amount of money spent in suppressing the terrorist movement and also it is due to the inelastic permanent revenue settlement that is prevailing there. For these two reasons, other Provinces have been made to suffer. If Bengal has got deficits, it is its own look out to make it good. That is why I oppose it and this match duty is levied just to make up the deficiency in the Central Revenues when it gives half the jute revenue to Bengal. This is in effect levying punitive tax on the whole of India for terrorism in Bengal. On these grounds also I oppose the impost.

Bihar stands on a different footing. The calamity that has overtaken Bihar is a national calamity, and not only India, but the humanity in general must come to its rescue. As a matter of fact, contributions are coming in from other countries also, and it will be bare justice only when the Central Government come to the rescue of Bihar.

The last point which I would simply mention is that the Honourable the Finance Member has not taken as much pains to raise the level of prices in this country as he has taken to balance the Budget. It is a notorious

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fact that the price of agricultural products has gone down considerably. In 1928, the value of agricultural products in this country was 1,000 crores, but in 1932-33, it has fallen to 523 crores, that is, by nearly 50 per cent. and in this year of grace, it might have fallen considerably less. So I charge the Honourable the Finance Member for not having taken sufficient interest to raise the level of prices. Recently they have been taking some steps in the matter of raising the price of rice which forms 53 per cent. of the staple products of India. It is surprising that no steps have been taken hitherto to raise the price of rice. On the other hand, even though wheat forms only nine per cent. of the value of total products, they are passing legislation after legislation, because it affects the Provinces which are very near the centre of Government. We want that some steps should be taken urgently regarding rice, and, as an earnest of it, I would request the Government to remove the obnoxious export duty that still persists in spite of the fact that, unlike the case of jute, India has to face competitors like Siam and Japan. I would request the Government to devote more and more time to raising the level of prices which is of vital importance to the country than to balance the Budgets.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair would like to give one suggestion to Honourable Members. A great many points covered in the speeches of Honourable Members could be dealt with elaborately at a later stage, for example, when the Sugar Bill or the Finance Bill is taken into consideration. For example, the Honourable Member, Mr. Reddi, was up against time when he touched the general point at the conclusion of his speech. The Chair would, therefore, suggest to Honourable Members that they might devote at least the earlier portion of their speeches to general questions that arise out of the Budget.

Nawab Major Malik Talib Mehdi Khan (North Punjab: Muhammadan): I must congratulate the Honourable the Finance Member for the workable and fairly sound Budget that he has presented to the House. His way was beset with difficulties on account of the economic depression and other such calamities, but he has managed to give us a good Budget. We appreciate very much his help to the quake stricken Bihar and his contribution towards the deficit which exists in Bengal, Bihar and Assam. I do not agree with my friend, Mr. Reddi, when he says that Bengal ought to look after her own interest. It is our duty to help Bengal, if we can afford it and other provinces where similar circumstances prevail.

As regards the other points, I would like to say a few words. I will begin with postage. The new proposal is that for one anna a letter weighing half a tola would go. Originally it was 2½ tolas for five pice. So, I do not think it will be of great relief, because an ordinary letter is more than half a tola. I would recommend one tola instead of half. It would have been still more gratifying if the price of post cards had also been reduced, say, by one pice. We appreciate very much the reduction in the telegraph charges, but the number of words, I am afraid, is small, and if any person is going to take full advantage of it, it would be the business man who has got code words and use other abbreviations. Ordinary people take pride in having long names for which we have to blame ourselves and not the Government. For example, if you take my name and the addresses, they would absorb everything. I remember a time when an ordinary telegram cost four annas, and I know careless persons,

who could not answer their letters promptly, resorted generally to sending a telegram, and even now I think if the charges are reduced to four annas, the Government will not be the loser.

As regards the duty on hides, my friend, Mr. Reddi, does not approve the idea, because it will hit the local leather factories which have been recently started in South India. My reply to it is that they are not taking all the available hides and there is no reason why a person who owns the cattle should not be able to get full value for the hides. My friend, Mr. Ranga Iyer, said that instead of sugar being taxed to prevent overproduction, the zamindars ought to take to growing some other crop, for example, he mentioned wheat. He has not borne in mind that only the other day the Government extended the period of protection of wheat. Even now, notwithstanding that protection, wheat is selling at a rate which does not pay the zamindars. The same is the case with cotton. The zamindars have been growing cotton and wheat very extensively, because these are the two marketable commodities. But when they found that the price of these commodities was not paying, they added sugar cane growing to them. The zamindar, as shown by the Honourable the Finance Member himself, is debarred from taking full advantage of it, because the price of the raw material is so low. His proposal to legislate with a view to giving the Local Governments power to fix the minimum prices for cane is most welcome. But I would not stop at that, and I would like to have similar legislation for wheat and cotton also. I find that some legislation is contemplated to protect textile fabrics in future. I have no objection to it, but I will request the Government to stipulate that the manufacturer uses Indian cotton. If he would do so, our difficulties would be very greatly reduced.

There remains the question of income-tax. As better times are in sight, I would have liked the income-tax level to be again raised to Rs. 2,000. No doubt there would thereby be a deficit, but some other way may be found to meet that deficit thus to relieve the poor persons who hardly earn so much as to be able to pay this tax. With these words, and trusting that the points I have brought forward will be duly considered, I resume my seat.

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): Sir, I feel I must offer my congratulations to the Honourable the Finance Member for presenting us with a Budget which, I feel sure, complied as it has been in the face of serious and great international trade depression, reflects unbounded credit on him and his staff. I congratulate him mainly because, in my opinion, his Budget, though it displeases some, pleases many: in other words, it is neither a manufacturers' Budget nor a consumers' Budget, nor is it a poor man's Budget or a rich man's Budget,—and since it affects all, it must surely be a very good Budget. (Hear, hear.) Personally, I have very little fault to find with it, but, while congratulating the Finance Member, I feel I must offer him my sympathy, faced as he will be with answering the 120 cut motions by my Honourable friend, Mr. Maswood Ahmad. But, Sir, before I deal with the few points I desire to stress, I have an observation to make which I trust will be considered by the Government Benches and yourself also, Mr. President. It is this.

In former years, at the time of the general discussion of the Budget, other Members of Government besides the Finance Member used to reply to criticisms made by Honourable Members. In recent years,

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however, the practice has been for only the Finance Member to reply. Sir, often, when I have heard him reply, I was reminded of a little story of a man who went to a restaurant to have dinner. After he had some turtle soup, he sent for the head waiter and complained that it could not be turtle soup as he could see no turtle in it. The head waiter said: "If you will look down the menu, Sir, you will find another dish, called 'cabinet pudding'." When you eat that, will you expect to find the Treasury Benches in it? Whenever the Finance Member gets up to reply for Government, it would seem that the Treasury Benches are all embodied in his one person. I would, therefore, suggest for the serious consideration of the Government and the Chair as to whether other Members of the Government might not advantageously be permitted to reply to some of the criticisms made in our speeches; for instance, the Army Member might speak as used to be the practice in the old days when His Excellency the Commander-in-Chief came to this House.

Sir, with this preliminary observation I shall now refer to a few subjects in detail. The first is the Army Estimates. Sir, I am one of those Members who do not believe that the Army should or can be reduced by a single man or a single rifle, but, at the same time, I am one who is convinced that the time has come when the sealed book of the Army must be opened to the Members of this Honourable House. Hitherto, the lamentable ignorance displayed by the Members of this House on Army matters has been astounding, because the Army book has been closed to us. We get our information from newspaper criticisms and what the Army Member cares to tell us, but a knowledge of the inside working has been the secret of a very few. I consider that that book should be opened and that this House should in an increasing measure be taken into the confidence of the Government and the detailed working of the Army should be explained to us, otherwise the charge will always be levied that India is not fit or prepared to take on her own defence. Sir, if England seriously means to give India a chance of administering and controlling her defence, a beginning must be made now; there must be no further delay. Now, two points emerged from our deliberations on the Army at the Joint Parliamentary Committee. One was the necessity of appointing a non-official as Counsellor to His Excellency the Viceroy for defence matters, and the other was the appointment of a Committee analogous to the Committee of Imperial Defence that now sits in England and advises the Cabinet on Army matters. Sir, these are the two points which I desire to emphasise and which should be brought to the notice of the present Joint Parliamentary Committee by the Government. Now, let me take the Army Estimates in greater detail with a view to further economy. If you look at the Army Estimates, you will find that the cost of the administration of the Army—I mean, Army Headquarters, Divisions, Brigades and the lower formations—is just over Rs. two crores or about 1/20th of the entire Army expenditure. I should like to know if any British business firm would exist for a month or two, with such heavy overhead charges as about 1/20th of its total income. There is in my opinion in this direction considerable scope for further economy. I believe I am right in saying that Army Headquarters offices expect six hours work a day from their staffs and, out of this, one hour is taken for lunch, in other words, Army Officers and staff work for about five hours daily, and much less when the Durand

Football Tournament is on. I ask, is it right for any administration to maintain a staff who give five hours work a day? It is wholly wrong, and I submit, if the Commander-in-Chief demanded an eight hours' work per day from his Officers, he would be able to reduce the strength of the staff and so effect considerable economy. I shall not go into details, but if you go to the Army Headquarters offices between the hours of 10 to 1 or 2 to 4, you will see various seats unoccupied at varying intervals. I, therefore, submit that if eight hours' work were given in these offices, considerable economy would be effected.

Then, Sir, there is another way in which further economy can be effected; it relates to the clerical establishment attached to the Army Headquarters. I have in my hand certain information giving me the detailed strength of this clerical establishment. I do not want to weary the House with these details, but, speaking broadly, they disclose two very significant facts. That part of the clerical establishment of the Army Headquarters which goes under the name of the "Indian Unattached List", especially those recruited from the British ranks draw salaries, excluding passage and other allowances, from about Rs. 200 per month to a maximum, of Rs. 1,250 per month. This pay is drawn by those who joined before the 28th September, 1931. Those soldier clerks who joined after that date draw the maximum pay of Rs. 1,000 per month. The pay of the civilians, however, has not yet been fixed. My point is this: You have a set of army clerks drawn from the rank and file of the British Army who have not passed the Public Service Commission Examination, but who draw a maximum salary higher than is given even to officials in certain other Departments of the Government. I submit, this is wanton financial extravagance and should be stopped. You should and you can reduce this expenditure without loss of efficiency. I submit that there should be a uniform rate of pay in this Department and there should be one qualifying standard of entrance to this Department.

The next point relates to the military medical services. Sir, on the floor of this House, I have very frequently voiced my opinion on the extravagant cost of maintaining this service. Having once been a member of the I. M. S. myself, I am more familiar with this subject than possibly many other Members, and I can say, without fear of contradiction, that if there is one department of the Army in India where economy can be effected, without any reduction in efficiency, it is the military medical services. Let me analyse it a little closer. I take the R.A.M.C. first. Honourable Members will remember that in 1932 we had a Military Retrenchment Committee on which I sat. It will also be remembered that the Government accepted certain of its recommendations. One of those recommendations was that 49 I. M. S. Officers and 50 R. A. M. C. Officers were to be reduced. Up to date only 26 R. A. M. C. Officers and 48 I. M. S. Officers have been reduced. This is certainly a move in the right direction. My protest has always been that it was not right that the Indian tax-payer should maintain a corps two-thirds of which consisted of Majors drawing salaries of Rs. 1,200 and above per month and who did the work of junior Lieutenants and Captains who would draw much smaller salaries. In this Military Retrenchment Committee I ascertained by cross-examining various army medical officials that 80 to 90 per cent. of the diseases treated in military hospitals were of a minor nature, which in most other hospitals, were being treated by assistant surgeons. I, therefore, pressed for the

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substitution of these highly paid Officers by duly qualified Military Assistant Surgeons. From a study of the Army List, I find, there are 70 Officers in the I. M. D. who possess British qualifications I also understand that orders have been issued—some over a year ago—to officers commanding British Military Hospitals to utilise these I. M. D. Officers, when and where possible, in more responsible professional duties. I regret to say that those orders have—except in a minor degree—not been carried out. Of course, I speak subject to correction, but I do wish, the Army Authorities would realise that here is a solid means by which economy of a good few lakhs could be effected without violation of any Army Policy or loss of efficiency. The same remarks apply to the I. M. S. where we still have a large number of temporary Officers. Why not engage those Officers, i.e., those who are adequately qualified, instead of importing Officers from England on a higher rate of pay?

Sir, I have in my hand the report of the Warren Fisher Committee. That Committee was set up in London last year by the War Office to report on the growing unpopularity of the R. A. M. C. and other allied military medical services of the British Army. It made certain recommendations and I understand those recommendations have been put before the Government of India with a view to their being applied to the I. M. S. I do hope the Army Member will tell this House that the Government of India have rejected its application, because there is not the faintest doubt that such conditions of service are not suitable to a service like the I. M. S.

I now come to another point. First of all, let me say that in the replacement of some senior highly paid R.A.M.C. Officers by British qualified I.M.D. Officers, you will effect an economy of at least six to seven lakhs. There is another branch of the military medical services, called the Queen Alexandra's Military Nursing Service. I have the greatest respect for this body of ladies, and I have no doubt that in times of emergency and acute illness they perform a great work, but their work is mainly supervisory. But why, I ask, when there is this desire to retrench, is it necessary to import into this country hundreds of British nurses when this country is full of well qualified unemployed nurses? Why, I ask, is it necessary to import them into this country on such high salaries, when, in their own country, they only receive a pay of about 70 pounds a year? When they are brought to this country in the Q. A. M. N. Service they get an initial salary of about Rs. 800 per month and more, a salary which is denied to certain junior officers in this country. Surely, the British troops do not want only British nurses about them. The British element in the civil population of this country, when sick, do not want or demand only British nurses about them. In Bombay, we have lots of Parsee nurses; in Bengal, we are getting Bengali ladies to do the work of the nurses in Civil Hospitals, and, in the Punjab, Indian women are doing it. Why not employ these in Indian Military Hospitals. Then, all over India, we have members of the Anglo-Indian and Domiciled European community who have been the pioneers of the nursing service in India—hundreds of these ladies are today unemployed and are seeking work. Why do you want a white nurse to look after a white soldier? Surely, when you are facing death, colour is no consideration. I am sure, the Army cannot deny that the ladies of my community are born nurses. They are better than imported nurses, because they know

the country; they know the language and manners and customs of this country. So, here, too, there is room for economy of a good few lakhs.

Then, Sir, there is another department of the military medical service, called the R. A. M. C. (Ranks). Here you have 500 male nurses who are recruited from the British ranks. They start on a high salary and go up also to a high salary. They are brought out to this country as British male nurses. So, in B. M. Hospitals, you have female nurses as well as male nurses. I cannot understand why the Army Authorities are retaining these 500 men and paying them this large amount when there are numbers of lads of my community who have been educated and trained in the excellent military and other schools in India and on which the Army spends nine lakhs a year. These young men are today roaming the streets for want of food and employment. They are a fine specimen of lads and would be a credit to any army, and yet they are denied this employment. Why do you get soldiers from England for this work and thus deprive the very sons of the soil of honest labour in the army? These young men can be trained in nursing when in school and so fitted for this work? Sir, I offer these three avenues of retrenchment for the consideration of His Excellency the Commander-in-Chief and the Honourable Member in charge of the Army Department. With reference to Anglo-Indian matrons in charge of British Military Family Hospitals, they have to be on duty day in and day out and night in and night out, as slaves work, whereas it takes three British nurses to do this, one Anglo-Indian Matron's work in some Hospitals. I say, it is absolute financial profligacy to indulge in such medical luxuries.

I shall now touch on another important subject, a matter which I stressed when I attended, as a delegate, the Joint Parliamentary Committee. It refers to the public health of this country. If you look through the pages of the Budget report of the Honourable the Finance Member, you will find no mention as regards the health of the country. Every other department is criticised, analysed, divided, added and subtracted, except the Medical.

An Honourable Member: Medical is a transferred subject.

Lieut.-Colonel Sir Henry Gidney: My Honourable friend will forgive me, it is not entirely a transferred subject. The Government of India have a sacred duty to perform as regards the public health of this country. Sir, we are today faced with a Federal Government, at any rate I hope that Federation will take place soon, and, with that Federal Government before us, are we going to be the only country, the only Federal Government, without a Minister of Health and an all-India Public Health Act. Today we are spending little or nothing on public health. In 1919, a Public Health Board was sanctioned by the Government of India. In 1923, the Inchoape Committee axed it and in 1932, my Honourable friend, Sir Abdur Rahim, as Chairman of the General Purposes Committee, recommended drastic retrenchments. I do not think that my Honourable friend, Sir Abdur Rahim, was aware of what it meant when he made recommendations calling upon this Department to make retrenchments. I should like to ask the Government of India what would be their responsibilities if, perchance, yellow fever came into this country. You talk about war famine and earthquake devastations. Why, India would be de-populated if yellow fever were introduced into it, and it is just here that a Ministry of Health

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and an all India Public Health Act would be of inestimable value, for it would so correlate the Provinces and other international communications, especially with our rapid aeroplane services, that we would be in a better position to cope with any such danger. I go further. Take the article Sir John Megaw recently published on the health of this country; you will find some astounding figures. He states, there are 30 millions of people in this country who suffer from venereal diseases or 10 to 15 per cent. of the population. There are two millions who suffer from tuberculosis, there are six millions who suffer from night-blindness, the result of poor feeding and starvation, rickets accounts for two millions and 50 to 100 millions suffer from malaria and the annual death-rate from fevers is anything up to four millions. Maternity mortality is 50 per thousand and the average duration of life of an Indian is half of what it should be and yet we are presented with a Budget without any mention of this dire necessity regarding an adequate Public Health Department for the future India. Last year, I spoke at length on this matter, but not a Member of the Government took any notice of it and, as far as I know, nothing has been done even in regard to the Public Health Board.

Mr. N. M. Joshi: They do not reply now-a-days.

Lieut.-Colonel Sir Henry Gidney: Government think only about wealth, not health, and yet strange to say, even Honourable Members of Government go on furlough every five years and oftener. It is an appalling state that any civilised Government worthy of the name should allow to exist. In doing so, we have in this respect placed ourselves on a par with the darkest uncivilised spots of Central Africa.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member must conclude now.

Lieut.-Colonel Sir Henry Gidney: I will, Sir. We are not on a level with the smallest nation in the world as regards public health, and yet Government talk about Federation in this country when, I suppose, they will still have no All-India Public Health Act and no Minister of Health except the present hoch-poch antiquated Department, called "Education, Health and Lands."

There is one other point to which I wish to refer before I sit down. It refers to the tragic condition of unemployment in this country. The Honourable the Finance Member, on page 38 of his Budget Report, refers, by way of comparative criticism, to the state of unemployment in America where 20 millions out of a total population of 120 millions are unemployed. May I tell the Honourable Member that one-third of my community today are unemployed and roaming the streets. I did not have the opportunity when he spoke on the Railway Budget, to rebut the statement made by my Honourable friend, Mr. Amar Nath Dutt. He read out certain names on the list of Traffic Inspectors and he tried on this evidence to show to this House that my community had a great monopoly in the railway services. I say, his effort and statement, was a deliberate outrage on truth. (Laughter.) Members sitting on the Opposition Benches may laugh as much as they like but I ask them to refer to the blue books, the published figures of the Railway Department, and they will find that, for the last three

years, no community has suffered retrenchment on the railways so much as the Anglo-Indian community. I state without fear of contradiction that every job today given to an Indian is taken either from an Anglo-Indian or a European. I challenge my Honourable friend, the Member in charge of Railways, to deny this. I challenge Members who laughed just now to deny this.

Mr. Lalchand Navalrai (Sind: Non-Muhammadian Rural): Because they were not competent.

Lieut.-Colonel Sir Henry Gidney: I repeat that is a travesty of truth, it is an outrage on truth to say my community has the monopoly on the railway services. The Anglo-Indian community is today being slowly but surely ostracised from the railways. But, after all, they possess only 18,850 jobs out of 7,00,000, and are you going to deny my community this small existence in the railways? When you talk of my community monopolising the appointments of Traffic Inspectors, why are you so silent about their absence from the Accounts Department, the clerical, ministerial and other departments? What do you see in these departments? Every name that I see is either a Bengali or Madrasi. Isn't this a communal monopoly?

Mr. Lalchand Navalrai: Because the Anglo-Indians are incompetent for the Accounts Department.

Lieut.-Colonel Sir Henry Gidney: You are a Sindhi. I do not find the names of Sindhis, because it is they who are an incompetent lot. I talk the House with all respect that my desire is to co-operate with other communities in an equitable percentage of employment, but when an Honourable Member makes a statement such as the one to which I have referred, he does not do himself nor this Honourable House any credit. (Applause).

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

The Assembly re-assembled after Lunch at Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, at a time when any stick may be said to be good enough to beat the Budget proposals of the Honourable the Finance Member, some of my friends on this side of the House have in a hurry taken up the sugar-cane. But, Sir, it will be seen, when we discuss that particular matter on the Bill introduced for that purpose, that the interests of the manufacturers and those of the consumers are not identical. However that may be, within the short time at my disposal, it is not desirable, and, even if it is desirable, it is not possible, that I should enter into any detailed criticisms of the Budget proposals of the Finance Member. As you have remarked, Sir, there may be other occasions at a later stage when we will speak about these matters at greater length. Even in a

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general way it is not possible to deal with all the aspects of the very lengthy and very voluminous speech of the Honourable the Finance Member running over 50 pages of closely printed matter, a record of his stewardship, the storm he weathered and the hope he holds out that we will have a brighter future,—the hope of a rosy future on sound principles of finance as so persistently and repeatedly impressed upon us he struggled to maintain in the period of his office. Sir, I should like to recall to the memory of Honourable Members that five years ago we had another Finance Member who also gave us a rosy picture of the future that he left to his successor. His successor, the present holder of the office, no sooner he entered upon his duties and in what he chose to call his maiden speech, even long before the world economic depression invaded the placid shores of India, discovered the necessity of additional taxation to make both ends meet, although, notwithstanding the remission of 2½ crores of provincial contributions given by his predecessor by the process of normal growth of revenue of the Government of India, it was assured that we would find an equilibrium in 1928-29. During the following five years, there have been fresh taxation running in some shape or other into several crores of rupees. Now, there is neither the reduction of the taxation which was once imposed as a temporary measure to meet an emergent situation, nor a promise of such reduction, notwithstanding the fact that there is reduction of interest rates, there have been enormous exports of gold, and we are in receipt of nearly two crores towards our military expenditure. No new sources of revenue have been developed, nor old sources enlarged. The expenditure is far from being reduced and is now forecasted to increase a little over the current Budget estimates. In spite of that we are told that our financial position is sound and our future is bright. And, on what? On the strength of evading the obligation to pay the allotted share towards debt redemption.

Sir, the two main sources of revenue of the Central Government are Income-tax and Customs. They are the pillars of the Central revenue, and both of them have been so roughly handled during the last few years that they are showing unmistakable signs of the earthquake. As the *Statesman* has remarked, fresh pillars have to be built up. Let us not, therefore, delude ourselves into the belief that the successor of the Finance Member will feel happy over his inheritance. If he were to be a popular minister depending upon the goodwill of the elected representatives of the people, if he is called upon to find money for the economic reconstruction of India, so long and so sorely neglected, and to secure a sound financial administration, he cannot find the necessary funds by even the sale of sound economic theories inherited by him. Therefore, the future is on the lap of the Gods.

Under these circumstances of unsound Central finance, the hope that the Central Government should think of embarking on a policy of affording financial relief to the Provinces is nothing short of a scandal. One can even be persuaded to accept the calamity which has overtaken Bihar as a calamity calling for help from the whole country, but to subsidise the inability, if not the incompetence, of the other Provinces to balance their Budgets is a bad precedent.

The Finance Member should not have anticipated what England would or would not do. We wish to mind our own business and we wish that others would mind theirs. Neither His Majesty's Government nor the

British Parliament have any business to interfere in matters of this kind. If only the Government of India were a strong Government, this would not have been even thought of. To penalise Provincial Governments who cherished an overwhelming sense of duty to live within their means is to tempt them from the right path. Take, for instance, Madras. That Province was occasionally penalised for its efficiency. The past provincial contributions were assessed on the basis of its inability to spend extravagantly. The Government of Madras, if it is living within bounds,—do you know at what cost?—has balanced its budget, it is true, but by denying money towards rural water supply, education, sanitation, and so forth, to make both ends meet. I would advise the Government of Madras not to deny expenditure of this kind which contributes to the amenities and necessities of life, for here is the Government of India to come to their rescue at the expense of Provinces which are foolish enough to make both ends meet. Divide and rule is the traditional policy of Government, and this is in accordance with that tradition. After all, these are to be met from anticipations budgeted for, but the antecedents of the Government of India Budget anticipations are such that these calculations may after all prove unreal. After all, these are to be met from artificially created surpluses, but the Budget anticipations of the Government of India are such that their calculations will eventually be found to be as unreal as previous expectations. All that will be left will be not these surpluses, but perhaps a quarrel among ourselves. Therefore, I would appeal to Honourable representatives of Provinces, who are the recipients in these transactions, to consider that Provinces which are favoured today may be the victims tomorrow if this vicious principle were once agreed to.

I have not without sufficient justification ventured to take less seriously these estimates and estimated surpluses than I would ordinarily have done. Even taking the years 1927-28, 1928-29, 1929-30, 1930-31—years before we could be said to suffer the repercussions of the world depression—what do we find? In 1927-28, over two crores had to be withdrawn from the Revenue Reserve Fund contrary to forecasts, to make both ends meet. In 1928-29 the next year, we found the Revenue Reserve Fund completely wiped off, and the actual results showed a deficit of 106 lakhs instead of the 30 lakhs budgeted for. In 1929-30, notwithstanding increased returns of 30 lakhs from Income-tax, there was a further deficit of 156 lakhs but for a sudden windfall by payment of the exact sum from the German Liquidation Account under the Treaty of Versailles. 1930-31, the year before the depression, found a gap of Rs. 4½ crores between revenue and expenditure, and new taxes to the tune of five crores were imposed. 1931-32 and 1932-33 saw heavy taxation by which a surplus of over 215 lakhs for 1932-33 and a surplus of 523 lakhs were actually promised. These estimates were not prepared under the unforeseen economic depression, but in the midst of its effect. Far from having heavy surpluses, we are now faced with further taxation. Comment on the accuracy or reasonable accuracy of these estimates is needless. Estimates are the corner stone of every financial system, and the extent, to which the anticipations correspond to the actual events, is the measure of competence of the finance officers and the efficiency of the system as a whole.

The Indian financial year begins curiously with the 1st of April. The highly speculative character is further emphasised as they have by that

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reason got to be prepared in ignorance of all important factors. Notwithstanding the recommendations of the Welby, and, later, the Chamberlain Commissions, the unreality of the whole show is allowed to continue. Therefore, importance need not be paid to the highly speculative value of these estimates.

It is not my purpose to deal at any length with the expenditure side, because we will get another opportunity at a later stage, to do it. But this much I do say. A great deal has been said about the fundamental principles of sound finance. Still I am fairly puzzled why there is less evidence of these basic principles in the actions of the Government. Take, for instance, the tax policy underlying the proposals made by the Finance Member either now or since he assumed office. A sound tax policy must take into consideration three factors, accepted by the world from Adam Smith to the latest expert:

- (1) It must lessen, so far as possible, the burden of taxation on those least able to bear it.
- (2) It must remove influences which retard steady development of business and industry.
- (3) Permanent tax system should be designed not for one or two years, nor for the effect it has on any given class of taxpayers, but should be worked out with regard to conditions over a long period and with a view to its ultimate effect on the prosperity of the country as a whole.

Any policy of taxation which ignores these fundamental principles, will prove merely a make-shift not based upon real economic principles, but may be on political or other considerations.

Judged by these standards, I venture to submit that neither the policy underlying the present proposals, nor the policy underlying the taxation levied by the Finance Member a few years ago, represented to be a temporary expedient to meet an emergent situation, but since then found to be a permanent feature, can satisfy the fundamental principles underlying a sound taxation policy.

Even before the world depression invaded the placid shores of India, notwithstanding the rosy picture of the future painted by his distinguished predecessor, Sir Basil Blackett, Sir George Schuster saw the need for taxation as I said. He assured us that whatever was to be done would be done in a way most beneficial to this country's best interests. Unfortunately the taxes he imposed and the policy underlying them—whatever it was—was anything but that which could satisfy even principles underlying sound taxation policy or one by any stretch of imagination calculated to be in the country's best interests. Were these taxes designed to lessen the burden on those least able to bear it? Was the tax on machinery calculated to promote industries in this country? When the poor man's salt and kerosene, the *panwalla's* income, the petty clerk's pay, the princely official's salary, the poor man's labour and the rich man's industry were all alike and evenly taxed, what were those sound economic principles underlying the imposition? I do not for a moment wish to convey the idea that, even when there is need, we should have no taxation. But taxation should not be taken as a means of rewarding

one class of tax-payers or punishing another or designed to stifle industry and business in this country. Take, for instance, the proposal regarding raw hides; the abolition of export duty on this article will wipe out the tanning industry of the South which has been brought to a high level of development. When such a view controls the financial administration of the country, the interests of the country are ill-served. I need not refer to the very first maxim of Adam Smith, in his book, the "Wealth of Nations", to emphasise the need for the taxation policy of the Government of India to be based on more rational lines and in proportion to the respective abilities of the subjects and in the best interests of the country's economic welfare.

With regard to surtax, I wish to read the following from Andrew Mellon's "Taxation, the People's Business." He says:

"It seems difficult for some to understand that high rates of taxation do not necessarily mean large revenue to the Government, and that more revenue may often be obtained by lower rates. . . . Does any one question that Mr. Ford has made more money by reducing the price of his car and increasing his sales than he would have made by maintaining a high price and a greater profit per car, but selling less cars? The Government is just a business and can and should be run on business principles."

Experience has shown that the present high rates of surtax are bringing in each year progressively less revenue to the Government. This means that the price is too high to the large taxpayer and he is avoiding a taxable income by the many ways which are available to him. What rates will bring in the largest revenue to the Government experience has not yet developed, but it is estimated that by cutting the surtaxes in half, the Government, when the full effect of the reduction is felt, will receive more revenue from the owners of large incomes at the lower rates of tax than it would have received at the higher rates.

"Where these high surtaxes do bear, is not on the man who has acquired and holds available wealth, but on the man who, through his own initiative, is making wealth. The idle man is relieved; the producer is penalized. We violate the fourth maxim. We do not reach the people in proportion to their ability to pay and we destroy the initiative which produces the wealth in which the whole country should share, and which is the source of revenue to the Government."

Again, regarding the lowering of income-tax, one would like to ask whether the revenue, deducting the increased establishment charges, was sufficient to justify the reversal of a deliberate policy to exempt the labour of petty traders.

With regard to the postal rates, I would respectfully invite Honourable Members to take half a tola weight, a pair of scales and weigh the correspondence they usually have, and then they will realise what the effect of the present modifications will be. Two years ago, speaking about these postal rates, I pleaded that we should go back to half an anna for half a tola, and one anna for one tola and to the one pice postcard. Although the present proposals tend slightly in that direction, it is very painful for us to see that the Government have not realised the fundamental principle underlying postal service. The fundamental principle is that the postal service is a public utility service and should not be viewed merely as a source of revenue. When we refused the five pice rates, the mighty reserve power of the Government was used as if the tranquillity, peace and good government of the country depended upon the five pice rate and the three pice card. But today we are going back to the four pice rate, and it is very refreshing to find that the peace and tranquillity and good government of the country is not disturbed nevertheless.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member has two minutes more.

Mr. B. Sitaramaraju: Sir, I do not wish to say more about matches, etc., now. Sir George Schuster would resent any suggestion that the Government of India have been drifting. I do not suggest that there is any drift. In order to drift, the Government of India must have cut away from their moorings. We have no evidence to show that they have cut away. They may flatter themselves that they have been following the traditional policy of sound finance, and, that being so, that they were helping to create the safest conditions in which their traders and manufacturers could do their business. We cannot prevent them from holding any exaggerated opinion of themselves, but students of Indian financial history, from the time of the East India Company, have thought otherwise. Comparison has been sought with Japan's recent financial policy. No doubt, Sir George is a better judge than myself, but he must admit that the Japanese are, after all, the best judges. 200 years ago, Japan was no where, and this country was the centre of Asiatic civilisation. Within the last 200 years, Japan, the arbitrar of her fate, has fought Europe with her weapons, poached her preserves and held the proudest position in the East. Her success in every field of activity roused the envy of the world. Today she is beset by angry world powers. Under the circumstances, I would, if I were a Japanese, borrow twice the amount and thank my stars. I have credit to raise that amount for my country's existence as a nation.

Mr. N. M. Dumasia (Bombay City: Non-Muhammadan Urban): Mr. President, I was one of those who was opposed to the iniquitous imposition of the excise duty on cotton, and in the second Assembly I fought hard and with success for its removal. I am well aware that a duty on production becomes a capital levy when the concerns show a loss. But we are now living in exceptional times and abnormal conditions, and I was thinking of acquiescing in the proposal of the Finance Member to impose an excise duty on sugar. The powerful speech of my Honourable friend, Mr. Ranga Iyer, has, however, thrown me in doubt, but considering the fact that the money has to be found to keep the wheels of Government machinery going, I propose to keep an open mind and vote for or against the proposal after hearing all the pros and cons of the question.

Sir, the calamity that has befallen Bihar is unprecedented in the annals of Indian history. It is in no way less serious than that befell European countries during the Great War. At that time, India valiantly stood by England, and, besides provision in men and munitions, made a gift of one hundred million pounds to England. We do not want England to make a gift to India, but England will only be discharging her obligation to India if she gave a loan of one hundred million pounds to India at a nominal rate of interest in this time of her crisis. Thanks to India and Indian gold,—England has again captured her premier position in the financial world, and I would ask the Government to approach His Majesty's Government for coming to the rescue of India by giving her a large loan at a nominal rate of interest, or, if possible, without interest.

Sir, the speech of the Honourable the Finance Member bears all the marks of great ability, and there is a deep note of sympathy with the sufferers of our brethren in the Province of Bihar, but I believe that the Province deserves much more generous treatment than is accorded to it. If the Government resources do not permit of giving the fullest relief, then I would suggest that a lottery should be permitted for the relief and construction of the Province.

Sir, Honourable Members in this House are accustomed to ask for this or that right or privilege for their communities or their constituencies. I do not propose to essay that fruitless task for my community or my constituency, for I am convinced that say and do what you like, it is not likely to change the step-motherly interest of the Government in the Bombay Presidency until the ill-fated words "too late" are stamped on it. The Bombay Presidency has, since the inauguration of the Morley-Minto reforms, not been represented in the Government of India, and hence its apathy to the interest of Bombay.

An Honourable Member: We had Sir James Crerar as Home Member.

Mr. N. M. Dumasia: I am talking of Indian Members.

Another Honourable Member: We had Sir Dinshaw Mullah as our Law Member.

Mr. N. M. Dumasia: Sir, the Meston Award has inflicted a grievous injury on my Presidency, but it fades into insignificance before a new menace that has overtaken it in the shape of diversion of its trade to Kathiawar ports. The commerce and trade of Bombay is in the grip of death. Its textile industry is paralysed, and if Government do not take immediate and effective steps to ward off this new danger, it will encompass the ruin of Bombay, and, if Bombay is doomed, who will survive? I know that Bhavnagar enjoys the rights and privileges of a free British Port under its treaty. The question is complicated, but I do not think that the Government are so devoid of diplomatic means as not to find a way to save Bombay and British Indian revenue. The import duty on foreign cotton has only gone to swell the coffers of the Bhavnagar Government, and Government should consider whether it is not feasible to levy that duty at the centre of consumption. I appeal to the Honourable the Finance Member to treat the question of this diversion of trade from Bombay as an urgent issue of life and death to the prosperity of Bombay, and the Presidency as a whole.

The Honourable the Finance Member in his able speech remarks:

"It would scarcely be advantageous if all these nations could co-operate in some permanent organisation for the furtherance of this purpose, but if India is to obtain benefit in this way, it needs a broad-minded outlook, for, as I have already pointed out, no country can hope to sell more to others unless it is ready to buy more from them."

I can assure the Honourable the Finance Member that India has always done that, and the prosperity of Lancashire in the past was in no small degree due to the fact of India being one of the important consumers of her manufactures.

Then, again, the Honourable the Finance Member remarks:

"The efforts now being made by the Lancashire interests to increase their power to absorb Indian cotton is of welcome significance as a sign of British appreciation of the truth."

Let me say, this appreciation has come too late, but better late than never, and I hope that the patriotic efforts of my friend, Mr. Mody, will result in a substantial benefit to India and justify his action which has brought upon him a shower of abuse from those who claim to own the monopoly of wisdom and patriotism.

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Sir, in the last sentence of his noble peroration, the Finance Member talks of the place of India in the British Commonwealth of Nations. Now, what is that place? So far, India has been treated as a handmaid of the dominions. Give us the equality of status, and India will not fail to respond to the call of duty as a dominion partner in the Empire.

Then, again, Sir, the Honourable the Finance Member says that he knew that "many Honourable Members feel that 'an immediate relaxation of these burdens might itself stimulate recovery'". Sir, I am one of those Members who do think that a reduction of taxation will give a stimulus to recovery, and that recovery will be impeded so long as these heavy burdens continue. Since the establishment of British rule in India, there has been no precedent of such heavy taxation. These burdens are telling very heavily upon the people and retarding recovery, and, unless relief is given to the tax-payer, this recovery will be delayed and impeded. I agree with one of the previous speakers that, the limit of taxable income should be raised to Rs. 2,000. Whatever may be the merits of this and future Budgets, unless there is a restoration of the cut in salaries and unless there is relief in the burden of taxation, these Budgets, in spite of all their merits, will be considered as absolutely rotten Budgets.

Mr. Abdul Matin Chaudhury (Assam: Muhammadan): I want to take this opportunity of Budget discussion to place certain facts before this House about the unhappy financial position of my own Province, Assam, and to indicate how our Province has been a victim of gross financial injustice at the hands of the Government of India.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): In spite of Mr. Gopika Romon Roy?

Mr. Abdul Matin Chaudhury: Honourable Members will have some idea of the deplorable financial position of Assam when I tell them that, with an income of less than two crores of rupees, an income which is about two-thirds of the income of the Calcutta Corporation or the Municipality of Bombay, the Assam Government is called upon to administer a territory 66,000 square miles in area. In the last year, the Budget estimate showed an income of Rs. 1.94 lakhs and there was a deficit of Rs. 40 lakhs. This year, with an income of Rs. 1.96 lakhs, there is an estimated deficit of about Rs. 60 lakhs. The Assam Government have exhausted all their balances long ago that were with the Government of India, and for the last few years they have been over-drawing from the Provincial Loans Fund, besides borrowing for road development from the Government of India. If by this Honourable Members get the impression that the Government of India are helping Assam in her hour of distress, they will be forming an entirely erroneous impression. The story is the other way about. While Assam is desperately struggling with her finance, the Government of India take away Rs. 1.25 lakhs from Assam as the excise duty on oil produced in that Province. It is against this misappropriation—I deliberately use the word "misappropriation"—by the Government of India of the money that legitimately belongs to our Province that I want to lodge a protest before the bar of this Honourable House.

Our Province is very rich in natural resources. God has been bountiful in His gifts, but, under an unjust system of allocation, we are prevented from deriving any benefit therefrom. In the year 1932, Assam produced

12 million gallons of petrol and 23 million gallons of kerosene. Naturally we expect to derive some benefit from the product of our soil. Our mineral resources are depleted to the extent of crores of rupees, but what do we get in return? Only a paltry sum of Rs. four lakhs as royalty, while the Government of India take away Rs. 1.25 lakhs as excise on that petrol. This Rs. 1.25 lakhs represents more than 50 per cent. of the revenue raised within the Province, and, if you take into account the money taken by way of income-tax, about 70 per cent. of the revenue raised within the Province is taken away by the Centre.

An Honourable Member: That we all do.

Mr. Abdul Matin Chaudhury: Not necessarily. From the United Provinces they take only 22 per cent of the revenue that is raised within the Province: from the Punjab they take only eight per cent. There is only one objection that is usually raised against this excise duty being restored to Assam. It is said that it is a tax on consumption, and so the Province of production has no claim to that. The Assam Legislative Council had submitted a memorandum to the Joint Parliamentary Committee in which they very ably rebutted this argument. I should like to read an extract from that memorandum in reply to this criticism against the restoration of the duty to our Province. This is what they said:

"If this argument were of compelling force, no province would be able to call its land its own. A province which produced jute, or rice or cotton, would have to share its land revenue with every province consuming any part of the crop, on the ground that the land revenue necessarily entered into the sale price of the crop and was ultimately borne by the consumer. Royalties on coal or mica or oil would have to share the same fate; instead of being credited to the province of production, they would have to be rateably distributed amongst the provinces of consumption. We need hardly repeat that the surrender to Bengal of half the jute export duty implies a considerable abandonment of the principle on which this objection is founded."

So much for the argument for and against this tax being restored to Assam. I think many Honourable Members in this House remember Sir Michael Keane. He was an Official Member of this House, and a very popular Member. His friends in this Assembly will be interested to hear that he has earned a well-desired popularity in the Province of Assam by identifying himself with the interests of that Province and very vigorously championing her cause. But all his efforts in this respect have been unavailing. The Government of India have not only misappropriated our revenue, but they have muzzled our protests also. When shiploads of delegates were sent to the Third Round Table Conference and the Joint Parliamentary Committee, the Government of India refused to send one single delegate from Assam, either Official or Non-Official, and that for reasons which are fairly obvious. Bengal was agitating for her share in the jute duty, and, through the influential pressure of Sir John Anderson and the able advocacy of distinguished men like Sir Nripendra Nath Sircar, Mr. Ghuznavi, Sir Provash Chunder Mitter and Sir Edward Benthall, Bengal's share in the jute duty was recognised. Assam's case for petrol stood on equally unassailable grounds; but, Sir, the Government of India, aware of the weakness of their own case, resorted to the expedient of shutting out Assam delegation from the Round Table Conference and the Joint Parliamentary Committee. The Assam Legislative Council, finding that all avenues of approach to the higher authorities were blocked by the Government of India, sent a memorandum to the Joint Parliamentary Committee through the President of the Council. Sir Michael Keane very

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strongly protested against this unjust treatment of Assam. I shall read, from his speech to the Assam Legislative Council, an extract, not because it expresses the official view point, but because Sir Micheal Keane echoed the sentiment of all Assamese, irrespective of caste, creed or community. This is a question on which Assam feels very keenly, and every section of the community, whether it be planter, European, Indian or professional man, are all unanimous in their demand for the restoration of this duty to Assam. I should like to read an extract from the speech of Sir Michael Keane which he delivered before the Assam Legislative Council. This is what he said in this connection:

"One source of revenue there is to which we have turned our eyes hopefully and which in all sincerity we believe to be justly ours. In these days of mechanical transport, those countries that possess oil within their territories deem themselves fortunate in possessing such a reservoir of wealth and fortunate those countries indeed are. They can freely use the providential riches of their soil for the public good. Not so Assam. This province is one of the oil producing countries. Last year Assam produced 12 million gallons of petrol and 23 million gallons of kerosene. This great outturn taken from the capital store of the province—a store that once taken cannot be replaced, an outturn exhausting steadily the capital wealth of the province—paid about 1½ crores of duties last year. Incredible as it may seem, this province, harassed with poverty, living from hand to mouth, unable to balance its budgets, too poor to have a High Court of its own, a University or Training Colleges of its own, a single hospital for women through the length and breadth of the land, still is unable to touch a single anna of that 1½ crores but contributes the whole of it to the Government of India. Truly, the sheep grow the wool but others wear the warm clothing."

—Sir Michael Keane might have added: "Assam produces the oil, but it lubricates the machinery of the Government of India"—

"The people of Assam find it difficult to acquiesce in the justice of this arrangement. We have made every effort to get our case represented before an outside disinterested tribunal. We prayed for representation in the Third Round Table Conference but failed. We begged for a representative either with or before the Joint Select Committee but were again disappointed. We have seen Sir Nripendra Nath Sircar, Advocate General of Bengal, cross-examining witnesses before the Joint Select Committee in the manner of an advocate for the province of Bengal. We have seen Bengal win their claim to the jute excise duties. All such opportunities have been denied to the weaker province of Assam. If we were permitted to share in this wealth produced from the oil of our own province, we should not have been driven, as we are driven now, to close down every normal activity, every sign of life, and go begging for money to meet the barest necessities of modern standards of civic existence. It is true that it has been recognised now that Assam must receive a subvention but what we still maintain is that our claim is for justice, not charity."

If Sir Michael Keane has spoken strongly, it is because we in Assam feel very bitter about this misappropriation of our revenue by the Government of India. We feel very much depressed when we look at the present financial position of our Province and think of her still gloomier future. The Simon Commission found Assam the least developed of all the Governors' Provinces. We have got millions of acres of fertile uncultivated land, and, in the over-populated districts of Bengal, there are hundreds and thousands of emigrants who are willing to go over to Assam and settle there, but we have got no money to colonise them, and money is required for colonisation. Then, again, we have got no university and we look enviously at the United Provinces, which can afford as many as five. We have got no High Court and we depend upon the Calcutta High Court for the administration of our justice. We have got no Training College for our teachers, and no Medical College. The Assam Government

constructed a building for medical school in Sylhet and they last year converted it into a Government office, because there was no money to run even a small medical school. Then, again, while, in our neighbouring Province of Bengal, there is one dispensary for every 71 square miles of area, we have got one in every 216 square miles. As regards communications, Madras has got 151 miles of road for every thousand square miles and we have got only 10½. Every branch of administration is stunted, is undeveloped and crippled. Still, when faced with this deficit, the Assam Government ruthlessly cut down its expenditure, and, in a Budget of two crores, effected a saving of 51 lakhs of rupees, and what remains now in Assam is not a civilised Government providing for the moral and material well-being of its people, but merely a skeleton of administration which is unable to cater even for the barest requirements of civil existence, as Sir Michael Keane has rightly put it. It is very sad to contemplate that this position is not due to any fault of ours. Providence has been bountiful in its gifts to Assam, but, under the unkind dispensation of the Government of India, we are deprived of getting any benefit from them. We find that Bombay and Punjab have balanced their Budget. Bengal has secured her share of the jute duty and they have started an Economic Board for the development of their Province. The United Provinces has her five year plan, and, in Madras, last year, the only problem was, so far as I could find it, how to utilise her huge surplus. We alone are in the morass of despondency. We too could have looked hopefully to the future only if we were not victimised by this depredation of the Government of India. We do not ask for doles or for subvention. What we demand is "give back to us what is ours". I would appeal to Sir George Schuster, with all the earnestness that I can command, to undo the wrong that has been perpetrated on Assam. He has put Bengal on her feet. But Bengal was merely limping. Out of a revenue of eight crores, she had a deficit of two crores. We have got a deficit of 60 lakhs out of a revenue of 1,96 lakhs. Assam is absolutely maimed and crippled, and we hope that this wail from Assam will not go in vain.

Dr. R. D. Dalal (Nominated Non-Official): Mr. President, a reference to paragraph 57 of the Honourable the Finance Member's interesting Budget speech will show that the Honourable the Finance Member is keen, not only on the financial health of India, but also on the physical well-being of the people of this country. So, Sir, with your permission, I wish to avail myself of this opportunity to bring to the notice of the Honourable the Finance Member and of this Honourable House certain aspects of public health in India.

At the outset, I would point out that the health problem and its relationship to the economic question is one which can only be dealt with by the Government of India. It affects the whole population of India, and it is impossible to take refuge in the excuse that medicine and public health are purely provincial matters. Sir, Health is a primary fundamental essential of the community, and everything else must be secondary to it. I am perfectly certain that the House will realise that money spent on eliminating disease is money well spent in the national interest. I am sure the House will agree that every time a child, adolescent, or adult, male or female, dies prematurely, there is a waste of money—money spent on bringing up that child or adult. It is not only a waste of money actually spent, but also there is the loss of a productive unit. It is universally recognised that the greatest capital of a country is its

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human capital. Now, Sir, the suggestions I desire to submit to this Honourable House are directed solely to the one object in view, namely, the promotion of the health of the people of India as a whole. With that object in view, I suggest the setting up and establishment of a Ministry of Health. The functions of the Ministry of Health would be of an advisory and co-ordinating nature. This body will stimulate and advise the Provincial Governments, and will promote co-ordination of their efforts. The Ministry of Health will be able to improve the machinery of the Central and Provincial Governments in relation to public health, to amalgamate overlapping or incomplete agencies—Central or Provincial, and thus to simplify the stages through which proposals for reform need to pass. With this must be associated greater driving power in the machinery, temptations to inertia being removed and monetary inducements to better work rendered available. All this is dependent on public opinion, including willingness to pay for what is required. I would suggest that a small beginning should at first be made, and when experience has been gained as to the working of the Ministry of Health, the desirability of further expansion will become obvious. I would suggest that as a beginning four sections of the Ministry of Health ought to be provided, namely:

- (1) Central Public Health Organisation;
- (2) Medical Education Section;
- (3) Medical Research Section; and
- (4) Health Education and Propaganda Section.

Now, Sir, with your permission, I wish to say just one word in respect of each of these four sections.

(1) *Central Public Health Organisation.*—The staff of the Public Health Commissioner should be strengthened to a considerable extent to enable this section to deal adequately with the duties of securing co-ordination between the provincial organisations, and of acting as an adviser to them, and of carrying out international obligations in respect of international health matters. I would suggest that in future the Public Health Commissioner should be designated Director-General of Health, who should control all central health activities.

(2) *Medical Education Section.*—This section will enable the Government of India to implement their responsibilities in connection with the training of doctors, public health workers, dentists, and nurses. It would also control the Indian Medical Council and the All-India Institute of Hygiene and Public Health.

(3) *Medical Research Section.*—The Indian Research Fund Association has already in progress researches on nutrition, plague, cholera, malaria, leprosy, rabies, maternity and child welfare and such other subjects. These research workers will serve as technical advisers to the Ministry of Health in their own subjects.

(4) *Health Education and Propaganda Section.*—This section will collect, tabulate, and make available all information in relation to epidemics and other public health matters in the form of bulletins. It will also issue authoritative pronouncements in regard to disease and prevention of disease in the form of pamphlets to various international health organisations. It will work in close association with the Department of Education, and

such voluntary agencies as the Indian Red Cross Society, Leprosy Relief Association, and King George Anti-Tuberculosis Fund Association.

As a preliminary to the establishment of a Ministry of Health, the value of a Central Public Health Board cannot be over-estimated. The functions of that Board would be purely deliberative. It would concern itself with the international aspects of public health, and with the co-ordination of public health matters as between the different provinces. The meetings of the Central Public Health Board would take the form of Conferences at which public health questions would be discussed. I am sure that nothing but good and a great deal of good will come from the establishment of a Central Public Health Board.

Now, Sir, let us examine for a moment the vital statistics for the whole of India. By India I mean British India. The figures for the calendar year 1931 are available. In 1931, the birth-rate per one thousand of population was 34.3 as against 15.8 in England and Wales. The death-rate was 24.9 as against 12.5 in England and Wales. The infant mortality per one thousand live births was 179 as against 66 in England and Wales. In India, the average expectation of life at birth is only 25 as against 58 in England and Wales. From the figures I have just quoted we can infer that sickness rates in India must be several times higher than those in England and Wales.

Having given the House an idea as to the vital statistics for India,

3 P. M.

I shall now proceed to discuss very briefly the relationship of the health problem and population problem to the economic question. Sir, despite the appalling and deplorably excessive mortality, owing to the high birth-rate and the subsidence of plague and the absence of any great pandemics such as influenza, the population of India has increased by 34 millions during the last decennium ended 1931. This increase in population has a very definite bearing on the economic question. If the implications of this increase in population are properly realised, it will at once be seen that India is faced with a grave emergency. Therefore, it behoves us to sink all our differences and to awake to the fact that our country is in imminent danger. Sir, the health problems cannot be solved with any prospect of success by public health experts and the Public Health Department alone unless co-operation of other Departments of Government, above all, co-operation of the general public is secured. Let us reflect for a moment what would happen if the Medical and Public Health side of the problem were solved with complete success, while the other aspects of the situation were left untouched. If we succeed in reducing infant mortality and if we succeed in abolishing preventable disease, the population would double itself in a generation. It is easy to imagine the consequences that would follow from a sudden upsetting of Nature's balance without applying the counterpoise in the shape of increased production of food, lowering of birth rate, celibacy, delayed marriage, war, pestilence, famine, etc. If such a counterpoise be not applied, what will happen? The population will go on increasing, but the production of the necessities of life will not keep pace with the growth of the population. So there will be a steady deterioration in the state of the nutrition of the people. What is more, there will also be a steady deterioration in the financial situation of the country, because, a population, which is carrying on a desperate struggle for bare existence, cannot possibly provide the revenues, which are necessary for a progressive administration. Then, what is the remedy? To my mind, the imperative necessity of

[Dr. R. D. Dalal.]

taking stock of the existing position is at once indicated. I am aware that two economic experts from England are at present examining the economic position. But, Sir, I would strongly urge the immediate necessity for appointing a strong Commission for the purpose of making a thorough inquiry and investigation into all the factors influencing health so as to be able to pave the way for a permanent and practical scheme of economic uplift. The Commission should consist of picked men with special knowledge of medical relief, public health, finance, economics, education, agriculture, industry, and sociology: also of a few educated women and leaders of public opinion: also of a few outstanding men from England, where conspicuous success has already been achieved in raising the standards of health and economic welfare of the people. In this connection, the International aspect of the question cannot possibly be ignored. India is regarded by other countries as the great world reservoir of cholera and plague, and, therefore, as a menace to the health of the rest of the world. So it is very desirable that the Government of India should show that a serious study is being made of the public health situation.

Now, Sir, in conclusion, let me impress upon the House that the idea that a public health organisation can be summarily scrapped and then recreated at a moment's notice without influencing the orderly progress and advance of general health measures is an erroneous one. To me it seems that the great hope of the future of public health in India must lie in a development of health education and in an appreciation by the educated population of the value of public health and so the creation of a public health conscience. If we are sincerely anxious to promote the health of the people of India in a rational, comprehensive, sensible, and adequate way, I submit that my suggestions are vital, essential and powerful instruments, and, on that ground, I earnestly, with all the emphasis at my command, commend these suggestions, namely, the establishment of a Ministry of Health, the formation of a Central Public Health Board, and the appointment of a Commission to investigate into all the factors influencing health to the favourable consideration of the Honourable the Finance Member. Sir, during the last five years the warm tribute, paid to the Honourable Sir George Schuster from time to time by Member after Member, is an honest measure of the regard in which India holds the present Finance Member, and I need hardly add that the sympathetic treatment of the suggestions I have just brought to his notice will earn for him the commendations and gratitude of all India.

Mr. Muhammad Anwar-ul-Azim (Chittagong Division: Muhammadan Rural): Mr. President, I am extremely grateful to you for giving me this opportunity to take part in the general discussion of the Government of India Budget. One does not feel very strong living in the most unhealthy surroundings of this Indian Capital, but still I should like to utilise my 20 minutes anyhow. From the general reading of the very elaborate scheme of the Budget, which has been presented for the consideration of this Assembly by our friend, the Finance Member, I, for one, representing an elected constituency from Eastern Bengal, cannot have any grouse. As a matter of fact, if I am allowed, I should like to pay my encomium for the services that the Finance Member, who is soon retiring, has rendered to this country in his endeavour to put our finances on sound lines. It is very difficult to talk of anything which is not liked by the so-called popular side, but, after all is said and done, I think we shall have to face the

stern reality, that unless and until we do follow a safer and surer method of sound finance, I am afraid, this is my humble opinion, Indian conditions will not conduce to anything better.

From the perusal of the excellent brochure of the Honourable the Finance Member in which he has discussed all aspects of his incomes and expenditure, I should like to say this much that if this country ever follows or tries to emulate the circumstances and the conditions of Japan, or, for the matter of that, the United States of America, I can assure you, Mr. President, as you are an expert in these matters, that our solution will not lie in that direction. If you will take yourself for a second, Mr. President, to the land of the rising sun, you will surely find the difference between that country and ours. Imagine for how long the Japanese people have been dabbling and experimenting in these matters of finance. Every student of history in India who has kept his eyes open must have noticed that the Japanese have been able to experiment, because they are a united, homogeneous and experienced nation. We cannot afford to make costly experiments. Mr. President, they have got to consider very seriously what is the position of the Japanese people in California, or, for that matter, in the Kingdom of Manchuko on the borders of Russia. They can afford to do that. They are a big nation. So, I think this will be my sufficient answer to those critics of the Finance Member who want him to embark on the so-called luxury of borrowing, and borrowing not knowing really where it will lead to. Secondly, I think certain friends on the right will wax eloquent on the question of raising the price level by any means you possibly can get hold of. They may also say: "Why don't you emulate the conditions of the United States of America?" You know, Mr. President, in what way can we compare ourselves in any matter so far as that wonderful country is concerned. As a matter of fact, in these very important times of our history, when we are going to have a very important experiment on right lines of constitutional advancement, if you set an example of borrowing and pledging your posterity consisting of the dumb millions of the future, I do not know how far we shall be justified in lending a helping hand or encouragement in that direction. My personal conviction is, Mr. President, that we should discourage that proclivity most ruthlessly. I think that some of my Honourable friends like my friend, Mr. Mahapatra, who is so very solicitous of the peasantry of the country, will come out with their pet theories of devaluating the rupee. By all means let there be a change in the price of our agricultural produce like rice and other things, because I myself have been very much hit by the lowering down of the price of the rice. I know what will be the consequence if by some artificial means the price of rice is allowed to go up. That is not the only thing which the peasant has to face. If a few silver pieces come into the household of the peasant, he will have to look round how far those go to meet his needs. What I submit is that the peasant must be able to get more money, and I do not know what panacea my Honourable friends to my right will proscribe for the stopping of other necessities of his life going up. At present the peasant has no market whatsoever to dispose of his produce. If, under a stimulus, he overproduces and finds no sale, what happens then? Mr. President, I think these are some of the observations with regard to what has been mentioned in the speech of the Honourable the Finance Member. There are one or two other matters about which I should like to say a few words.

I belong to Eastern Bengal and it is my proud privilege that I come from that locality. I think it seems we are having a semblance of a Federal Assembly now in this House in actual working. It seems that the House is

[Mr. Muhammad Anwar-ul-Azim.]

divided against itself. The Honourable the Finance Member has said that he would try to come to the rescue of Bengal to meet her deficit, but nobody knows what will be the income out of the jute export duty. As a matter of fact, the conditions of cultivation in Eastern Bengal are in a very sad state. From my personal knowledge of that area and of people who grow jute under our control in certain parts of that area, I do not feel bold enough to say that even this small concession will come up anywhere near the fringe of balancing the Budget in Bengal. Anyway, we are extremely grateful to the Government of India for having shown us this small mercy. The Government of India should have given us some income from Income-tax as well.

Secondly, with regard to a few other matters which have been raised here during the discussion, I should like to say this much with reference to the fixing of the excise duty on sugar. It has become rather a ticklish subject with certain friends on the floor of the House that while the Honourable the Finance Member would try to stop the over-spread of this industry, why should we not feel ourselves self-sufficient so far as the production of sugar is concerned. If anybody has read critically the speech of the Honourable the Finance Member, the reply is certainly there, and it is this. It may be that you have been able to start a factory and you are fairly one-third of the way up, and perhaps thereby you have not been able to make the concern steady. But the sentiments of these industrialists, who are mostly kite-flyers, if I may be allowed to say so, they do not know where to put a stop, and finding perhaps artificial markets, they might not be in a position to stop their unnecessary growth. They do not know how far they will be in a position to find proper market to buy their commodities. Java Sugar, Mr. President, is much cheaper than ours. I think that has been very well described by the Honourable the Finance Member. Certain of my Honourable friends were telling me "Oh! perhaps this is an indirect help to the manufacturers of machinery in England". But have we got any power over the Government of England? Certainly not. We have no quarrel with them either. If through the utilisation of the British machineries you have been able to fix up certain industries in this country, I think you ought to feel grateful for finding handy and ready those machineries. What would have happened if there was protection given to the sugar industry, and if, in spite of the protection, you have not had such number of machineries of the right type to be utilised for this particular venture. Of course the result would have been obvious.

Certain other friends have taken objection with regard to the tax on cigarettes and matches. Of course I shall be very sorry to be a party to any arrangements whereby the poor peasants of this country will be hard hit, but the fact remains that cigarettes in this country are not used by the people who are lying low in the soil. They are all luxuries, and, besides, if it is any indication of public sentiments in every Province of this country, you have got this law against juvenile smoking. I am sure, ultra-nationalists like my friend, Mr. Gaya Prasad, will also not deny this fact that even in the Province of Bihar they have got this law against juvenile smoking.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhannadan): I am supporting you.

Mr. Muhammad Anwar-ul-Azim: Then, what is the grouse about? With regard to matches, if anybody knows about this free distribution of matches

as a sort of advertisement, he knows very well how this match industry is thriving in this country. My first hand information is that in the rural places of this country, specially in my part of the country, they do not go in for matches which are packed into small boxes, for they have their own artifices of lighting their fuel and making their oven. They generally have sulphur dipped with little chips and light them. If these small changes of incidence of taxes bring some revenue to the distressed coffers of the Government of India, I should not object to it. My Honourable friend, the Deputy President, was very solicitous with regard to the welfare of his Province and he should be rightly so; I think I remember when the Simon Commission came out with their report and we had occasion to express our ideas on the report of that Commission, I said even then, that it would be a very good and excellent idea if the Government of England or India would hit upon having a Province with certain parts of the Province from which, my friend, Mr. Abdul Matin Chaudhury, comes, and the south eastern districts of Bengal with Chittagong as capital. I do not know what objection there could be for having a small Province of Assam proper and the portions of Chittagong and Dacca Division, forming a separate Province with Chittagong as headquarters. This will increase the safety of that part of India. I will commend for the serious consideration of the Government of India that they will not have to spend crores of money for the protection of the Chittagong district and the hinterland which lies on the border of Manipur.

I think I have now come practically at the end of my speech. But since I feel I may not be able to be in my seat continuously for some time, I feel that I may be permitted to hint generally on one or two matters on which I have given cut motions. I have given notice of a cut with regard to the unhealthy surroundings of the old City of Delhi. If one passes through the Civil Lines, it is a standing disgrace to the authorities concerned that they should have dumping ground on the north, dumping ground on the south and dumping ground on the east and still they expect four or five lakhs of people to live here safe and comfortably. I do not know how far this Imperial City, which has been erected at a cost of about 20 crores, is going to be saved from the contagion running from that locality. When the sandy south and north winds are blowing, I do not know how far anybody, even in the Viceregal vicinity, is safe from contagion being caught from that locality.

The other matter is the Posts and Telegraphs side of the Budget. Although the rearrangement of changing the duties may not be very valuable, I think I should allow the Government time to have that experiment and see whether it becomes a paying concern or not. But I think there is a great point in the speeches of those Honourable Members who have said that it would have been much better if it were possible to have some reduction in the price of post cards. But the budgetary arrangements will not perhaps allow that. But I think the Government of India may be allowed to go on with the experiment and see what effect it has and how far the vision of the Postal Directorate shoots up to the mark.

Coming back to the Finance Member's speech, the Honourable Member has lamented the diminution of his income from Income-tax and Customs. These are the biggest items in these 94 items that we have to vote. But I think there must be something wrong somewhere with regard to the collection of income-tax. Sir, I am a very humble man myself and my words may not carry any weight with the Government of India as they have not done for the last eight or nine years. But what I feel is this.

[Mr. Muhammad Anwar-ul-Azim.]

With regard to the administration of income-tax, perhaps the service is good and well-conducted and we have got first-class Civilians and people of that calibre to watch the administration. But still I feel that just like the railway revenue, at certain centres these legitimate incomes filter away so nicely that nobody is in a position to catch them. And I can assure the Government of India that if they try to strengthen that last link in the administration of income-tax,—I will not go further than that,—their income will not perhaps go down to that extent. I should not be understood as saying that I am critical with regard to the administration, but I say that there are lots of assessable income which are not coming properly into the Government coffers,—whose fault it is I do not know.

Then, one word with regard to the falling off of the Customs revenue. I am certain that under the very able headship of my friend, Mr. Lloyd, the Customs people are faring very well. They have got experienced people at the centre, but I think those of our friends who are conversant with the bringing in of consignments of goods or taking delivery of goods which come in from outside know that a particular appraiser has got to put a particular value either by seeing the bill of lading, or, in certain cases, he has got to exercise a very first-class imagination and judgment, taking the bazar value of certain articles.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member must conclude now.

Mr. Muhammad Anwar-ul-Azim: If you have for that work a class of people who would not err on the side of leniency or on the side of being partial or otherwise, there will not be so much trouble with regard to this revenue.

Sir, I think I have done fairly well (Laughter) and I will now conclude by wishing the Honourable the Finance Member a *bon voyage*, and that when he retires, he will continue to be a friend of this country which he has so capably served. His ideal has been to put us on the road to sound finance.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Sir, I do not find any difficulty in congratulating the Finance Member on the good speech he has delivered in presenting the Budget, and some of the results also are not so much disappointing. Sir, it appears to me that certain Provinces always get some advantage over others in the treatment which the Government of India mete out to them.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

Punjab appears to be one of those unhappy Provinces which do not get a fair and just treatment.

Mr. Gaya Prasad Singh: What about Punjab wheat?

Sirdar Harbans Singh Brar: My Honourable friend, Mr. Gaya Prasad Singh, mentions Punjab wheat. But what do we get there? We get nothing. You only prevent foreign wheat from coming in so as to provide food for your own countrymen, so that they can eat their own wheat. It appears to be impossible, in spite of the present protective duties, to

pay the Government dues even. Apart from that we want to encourage the production and consumption of wheat, because it is a much more nutritious food than rice can ever be. We want to improve the health of India, which Sir Henry Gidney has been advocating this morning, and we want power of resistance in the case of epidemics which attack us every year. If you peruse the figures given in "India in 1931-32", the moral and material progress report presented to Parliament, you will find that the Provinces which are rice-eating are more liable to attacks from epidemics than other Provinces. Moreover, there are other conditions which are to be considered. It will be found that Provinces, where wheat is eaten, provide more defenders in times of emergency like foreign invasion or war and provide more loyal and good citizens.

An Honourable Member: Loyal to whom?

Sirdar Harbans Singh Brar: Loyal to the land in which we live. While rice, on the otherhand, produces terrorists and agitators and we have to spend crores and crores: it brings instability and terror. It is certain that we cannot meet such abnormal conditions by a mere transfer of food grains from one Province to another and changing wheat for rice. The progress of the country must continue steady and safe and we should be more prosperous in times to come. If an attack is made by a foreign power, it will be very difficult to save the country by bringing in Bengali Babus to protect the frontier of the country; therefore

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): I suppose successive invasions to India came through the Punjab and through the Punjab people.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Is the Honourable Member using this phrase in an offensive spirit?

Sirdar Harbans Singh Brar: Certainly not, Sir: I meant no aspersion. Let us come to more, financial considerations. The Punjab, by its sheer good government, manages its finances in a good and orderly way and produces balanced or surplus Budgets; but that does not in any way mean that it should be treated in a step-motherly fashion by the Central Government and the Central revenues, and that Bengal, which mis-manages its finances and which creates unstable conditions and causes its Government to spend crores and crores on useless agitation and terrorism, should get crores and crores from the Central revenues or from the Provinces which are prudent enough to manage their own affairs in a good and orderly manner.

The Punjab is also a mineral producing Province and she is entitled to those mineral resources being utilised for the benefit of her own people. If jute is produced in Bengal and if Bengal is considered justly entitled to a remission on that account, why should not Assam and the Punjab, in the same manner, be entitled to a remission of the excise duty levied on the mineral resources they have, so that they may find money for improving health, education and rural communications in their own Provinces? They are as badly in need of assistance from the Central Government as Bengal or any other Province for the matter of that; and I have no doubt that the Punjab, when she puts her case and presses it, will receive favourable consideration at the hands of the Finance Member.* I have complete confidence and faith in him that, if the Local Government puts

[Sirdar Harbans Singh Brar.]

their case within his time, he will spare no efforts to meet the just claims, if his financial position permits him to do so.

I have to congratulate the Finance Member for promising legislation with a view to protecting the interests of the growers of sugar cane. It is very vital to my constituency, which is composed wholly of peasant proprietors, that they must get an economic price for their produce. A large quantity of sugar cane is grown in my constituency. Factories for dealing with this cane have now been started and many are working now in different parts of the eastern and the southern Punjab. When I was on the Select Committee on the Sugar (Protection) Bill and we intended to fix a minimum price for sugar cane, the sugar manufacturer and industrialist or their spokesman assured us that the fixing of a minimum, which we at that time thought eight annas a maund was to be proper, was not necessary, because they told us that the grower will get certainly more than that and that in the interests of the grower himself we should not fix that minimum. But what do we find after these two years? Cane growers have been getting five annas or six annas or sometimes seven annas a maund, but never a real economic price or eight annas. So I am really glad that the Honourable the Finance Member has considered the interests of the masses, the growers, who are much larger in number than the manufacturer can ever be, and has promised that proper machinery would be set up and legislation would be introduced to protect their interests. This is one of the very good things he has been able to do for the welfare of the masses. When the manufacturers have been making huge profits ranging from 40 to 90 per cent., I do not think that an excise duty will do any harm to them, if, at the same time, it can be assured that the price of sugar will not rise in the market: if the prices are maintained steady and the Government revenues can be benefited by a couple of crores and a reasonable margin of profit is allowed to the industrialist, it is a fair and just proposition to meet the necessities of the case. Just as we are promised seven lakhs for setting up this machinery for marketing facilities, he may be pleased to use the surplus also for the same purposes, so that the agriculturist may get better return for his produce and more facilities for improving the quality of his crops, and it will all be for the betterment of the rural population. I think, therefore, that the Punjab will get her due share for her public health, education, etc., if she is allowed a remission of the excise duty on petroleum, because Bengal has already got other benefits, like the permanent settlement. Why should not Bengal tax her own people as they are already unduly enjoying the benefit of old Statutes? They must pay for their own Government; the Central Government cannot for ever give subventions and bounties to Provincial Governments. If today we give two crores to Bengal, then we will have to give similarly to other Provinces, so that they also may be justly and fairly and equitably treated since they are overburdened with taxation, where the land revenue and water rate are very high and the conditions are not so prosperous as in the case of Bengal.

One gloomy feature of the whole Budget appears to be that the Army expenditure of the Government of India is still very high. But the Army Budget figures are as deceptive as the civil list of the princes in India. You put a shoot as expenses in the Forest Department. You put the expenses of the palace into the public works, that of the personal staff

into the army, that of the motor cars in entertainment and transport, and so on, and, therefore, it is that in the Army Budget we find that the 46 crores that is shown is not the total figure of Army expenditure in India. We spend large sums of money on strategic lines, we give concession rates for the transport of Army material and stores, we give very great concession rates for the transport of their personnel, and we give such concessionary rates in many other spheres of Army administration. If all these things are piled up and added together, the total figure will surely be very much higher than 46 crores.

Then, Sir, there is the system of appointing I.M.S. Officers on the civil side on the ground that posts should be reserved for these Officers in beneficent Departments in the Provinces and compelling the Provinces to pay heavy sums of money which, but for this compulsion, those Departments would have utilised for extending services of their own Departments in the rural areas. This attempt to compel the beneficent departments to employ I.M.S. men is merely to shift expenditure from the military to the civil side. I remember a case particularly, where the Punjab Government wanted to appoint a Provincial Service medical man as the Director of Health, but there came the Government of India who said that that post was reserved for an I.M.S. man. The Punjab Government said that they could not afford it, and they fought hard; in fact they even threatened to abolish that post, but there came the Secretary of State, the Almighty Mughal at the India Office, with the result that the Punjab Government had to yield and appoint an I.M.S. Officer in preference to a Provincial Service medical man. Sir, Civil Surgeons' posts in many places are reserved for I.M.S. officers. You can get a Provincial Service man on Rs. 600 or Rs. 700, but for such posts you must have I.M.S. men, because the military authorities want that some of their Officers must be kept employed somehow somewhere, because whenever their services are needed, they can always be readily commandeered. For I.M.S. Officers we have to pay not less than Rs. 1,500, and in some cases even as much as Rs. 2,500, when we could get men to do the same work for Rs. 600 or Rs. 700 belonging to the Provincial Service. . . .

Mr. B. V. Jadhav: In Bombay, a Provincial Service man was appointed as Director of Public Health.

Sirdar Harbans Singh Brar: The Punjab Government had to put up a big fight, but they were overruled, and they had to appoint an I.M.S. Officer in place of an Indian Provincial Service Officer. And in many other beneficent departments, most of the expenditure is incurred for the benefit of the Army, and not for the benefit of the masses or of the people. Therefore, if we add all these items of expenditure, the Army Budget will certainly show a much higher figure, and even the Simon Commission were astounded to find that the proportion of the Army Budget alone was about 62 per cent. to the civil expenditure. Well, in that connection, only yesterday we found in a local newspaper an officially contributed article showing that the expenditure of the Army bore a proportion to the expenditure on the civil side only of 20 per cent. I was surprised to find it. It is an officially contributed article which appeared only yesterday in the *Hindustan Times*, but I consider that if we add up all these separate items, which are credited to other departments, the figure of the Army Budget will come to a very high figure, and I feel that it is high time that these things were not allowed to continue. . . .

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member has got only two minutes more.

Sirdar Harbans Singh Brar: The Honourable the Finance Member mentioned one other fact, and that was, that the co-operative movement would be encouraged in the Provinces for the benefit of the rural and agricultural classes. Sir, I have had some experience of the co-operative movement, and I think that these co-operative banks get money from Local Governments at $3\frac{1}{2}$ per cent. or 4 per cent., and distribute it to the cultivators and peasants at exorbitant rates like 12 per cent. Eight per cent. goes for overhead charges for the distribution of this money, and this is very high indeed. Therefore, some radical measures should be devised, so that the co-operative movement and the marketing boards, which are to be set up, may keep their overhead charges sufficiently low and at an economic figure, in order that the people, who actually take loans from these co-operative banks, may benefit by getting money at cheaper rates, because, Sir, if these co-operative banks are not able to realise the loans in time, they have the power to get the lands of the poor peasants auctioned, whereas a private *bania* or money-lender cannot do so. So, in view of such exceptional facilities which these co-operative banks enjoy for recovering their money, I feel that the rate of interest, at which they advance loans, should be reduced. If Government lend to co-operative banks at $3\frac{1}{2}$ per cent., the cultivator should get money at, say, 6 per cent., and the difference of $2\frac{1}{2}$ per cent. is a good sum as overhead charges. . . .

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member must now conclude.

Sirdar Harbans Singh Brar: Sir, I want to allude to only one more matter. I would request the Honourable the Finance Member to put a high tariff import duty as well as excise duty on vegetable *ghee*. That commodity is doing very great harm to the health and prosperity of this country. Vegetable *ghee* is being sold as genuine and at exorbitant rates, and Sir George Rainy, three years ago, promised us that the case would be considered favourably, but, Sir, two years have passed, and nothing has been done so far. I would like that a very high import duty and also a very high excise duty should be put on vegetable *ghee* so that the already deteriorated health of the people of this country may be improved.

Mr. P. G. Reddi (Guntur *cum* Nellore: Non-Muhammadan Rural): Mr. Deputy President, I am afraid I cannot congratulate the Honourable the Finance Member on his farewell Budget. The country expected a more statesman like handling of its finances based on a correct appreciation of the prevailing acute economic situation. The Honourable the Finance Member has circulated to us a review of certain main items of foreign trade during the calendar year 1933. May I ask the Honourable the Finance Member whether he has bestowed his attention on tables 5 to 13 on pages 8 to 10 of the review. I ask this, because the Budget does not disclose any action which those tables warrant. What do these statements show? In the first place, they show that rice alone accounts for about 50 per cent. of the total agricultural income of the country, and the value of rice production has fallen from Rs. 501 crores in 1928-29 to Rs. 232 crores in 1932-33. Table 33 shows that our rice exports have fallen from 20.76 lakhs tons in 1932 to 18.29 lakhs tons in 1933.

One would have naturally expected the Honourable the Finance Member, if he had appreciated the significance of those tables, to abolish the rice export duty which, after all, yields about 75 lakhs of rupees. Export duty on a commodity like jute is justified, because this country holds a monopoly in jute in the world's market. No one could justify the export duty on rice which is to compete with countries like Indo-China and Siam which have large exportable surpluses. If the Honourable the Finance Member had utilised the excise duty on matches which he has proposed and which is, again, a duty on the poor man, for remitting the export duty on rice instead of giving bounties to a Province like Bengal whose deficits are the result of their land revenue system and large amounts spent on suppression of terrorist movement, he would have earned the gratitude of the many millions of agriculturists in this country. With a cultivable area of 24 million acres, the Government of Bengal gets a land revenue of Rs. 8 crores, whereas, in a Province like Madras, where the ryotwari system prevails in the greater part of the Presidency, with 32 million acres of cultivable area, the Provincial Government gets a land revenue of Rs. 7½ crores. What the Honourable the Finance Member should have done to relieve Bengal's financial plight is that, instead of giving a bounty in the shape of half the proceeds of the export duty on jute, he should have permitted Bengal, which has the advantage of a Permanent Settlement, to levy a tax on agricultural incomes above a certain level and until the deficit is cleared off,—I lay stress upon these two conditions—which would have been a fair deal to Bengal as well as to the rest of India.

The Government's economic policy seems to be based on an inadequate appreciation of the facts of the situation. It is prepared to forgo a revenue of Rs. 8 crores to protect an industry like sugar which contributes about Rs. 35 crores or five per cent to the total agricultural income of the country. Let me not be understood for a moment that I am one of those opposed to protection for sugar, but what I want to submit to this House is that things of greater importance like rice should receive greater attention at the hands of this House as well as of the Government. I know, Sir, that Honourable Members have made eloquent speeches on minor industries like hosiery, whose contribution to the national wealth is so small compared to rice. They should have paid greater attention on the question of rice. I venture to warn the Government that if the rice cultivator, who is the backbone of the country, is neglected as he is today, the whole of the economic wealth of the country will break down, the political situation will grow worse and he will become an easy prey to subversive movements such as Bolshevism. (Hear, hear.) I venture to submit that it is the duty of a civilised Government to view things in their proper perspective and take prompt action instead of allowing the free play of economic forces to bring about a readjustment of the economic situation which is likely to cause untold misery to the agricultural classes.

Lala Rameshwar Prasad Bagla (Cities of the United Provinces: Non-Muhammadan Urban): Mr. Deputy President, as is customary at the close of a year and the beginning of a new financial year, we have the financial review of the current year and the forecast for the coming year by my Honourable friend, Sir George Schuster, for the last time, and so it is but natural that our sympathy goes out to him. The more so, because, in the history of the Constitutional Reforms in India, his period of office has been most trying owing to the causes which were to a certain extent beyond human control. I am sure, had nature favoured my Honourable friend, the tale of his guardianship of the national finances would not have been

[Lala Rameshwar Prasad Bagla.]

so woeful. In my anxiety not to be unjust to the administrator, I shall be failing in my duty if I do not respectfully point out to him the directions in which he should have carried out his plans and the crying needs of those for whose benefit the administration is run.

The country at the present moment most needed relief in the matter of surcharge on super-tax and income-tax, as will be seen by the fall in expected revenue from these heads. It clearly indicates that the people were taxed beyond their capacity which resulted in non-fulfilment of expectations. Sir, I am sure that none dare deny the fact that the financial condition of the nation cannot be said to be sound only by having a balanced Budget without a corresponding increase in the prosperity of the people. But an ordinary scrutiny of the picture presented by the Finance Member will prove that the case has not been so.

The financial position of the people has still deteriorated, which makes it imperative on the State to at least put a check on further decline, and offer some measure of relief to the people so that they may steadily emerge out of the distress.

While not minimising the significance of the relief extended in the postal and telegraph amenities, I will point out that they are not sufficient. The most crying need of the people in these directions was the decrease in the price of the postcard, and I would urge that the ray of hope about it given by the Honourable Member should at an early date be transformed into actual fact. The other relief proposed in the matter of lowering duty on silver is of doubtful utility to both the people as well as the Government. Sir, the relief that the country was expecting was at least in the direction of the lifting of the emergency taxations which now seem to have become a permanent feature. The taxes have been very crushing, especially the imposition of income-tax on an income of one thousand rupees. It has put great hardship and created discontent in the people concerned, and if there is no general outburst of feelings of resentment, it is not due to any other reason, but a feeling of helplessness. To add to the present hardships of the ordinary and poorest of the land, the excise duty on match is very undesirable and unjust. The duty will result at least in doubling the price of a match box. May I bring to the notice of the Finance Member that in the villages, where the bulk of the population of the country lives, there are at least 25 per cent of the people who could not enjoy the use of a match box even at the present price?

Sir, considering the relief the budgetary plans will afford to the class of people to which I belong, I can at once say that they are very negligible. The commercial development badly needed relaxation in the surcharge on income-tax and super-tax. While realising the difficulty and responsibility of my Honourable friend to provide means to the State to maintain administration, I cannot overlook the fact that he has not reciprocated the willing co-operation of the business community. We have never grudged to share the burden of the administration to the best of our capability, but now we find it embarrassing, and though we will have to pay all that is imposed, that spirit of willingness and co-operation will have vanished. I, therefore, will appeal to my Honourable friend not to drive us to that, but keep us in his sympathetic fold. Further, I would suggest that the ten per cent duty on machinery should be removed as it is proving a very serious obstacle in the industrial development of the country. As for the excise duty on sugar, it would have been better in the interests of the industry if this excise duty had been deferred to a later date and he had allowed the

industry to consolidate itself in the meantime. It is most inopportune at the present juncture as many of the sugar mills have greatly suffered owing to the earthquake. Probably they will have to make a fresh start, and it will not be just to have excise duty imposed even on them. I can not see how far the excise duty on sugar is justified. The protection given to sugar was just enough to enable the Indian sugar mills to compete with the Java manufacturers. I admit the protection thus given has been responsible for the rapid growth and multiplication of sugar mills in the country. But just because of the growth has been so rapid, it was essential, both in the interest of the investors and the infant mills, to continue the full protection given to them for at least a few years more, as I have stated above.

As it is, the excise duty will on the one hand imperil the growth of the industry, and, on the other, deprive the agriculturist of the boom in the prices of the sugar-cane. The measures contemplated by the Government to standardise the price of cane, I am certain, cannot prove effective, and will, without bringing any advantage to the agriculturists, fill the pockets of the unscrupulous middle-man.

Further, I may point out that we have been greatly disappointed to see that no export duty on gold has been imposed. The whole country has been with one voice protesting against the drainage of the country's gold which is in fact the real worth of the nation, may we still hope that my Honourable friend will try to impress upon the people that the Government are alive to the needs of the people in all respects as he has tried to do to a small extent, and, further, in these days of general discontent, believing the Government to be utterly irresponsible, will help to allay that feeling to the mutual interest of both England and India.

Sir, coming to the expenditure side, I can say that the gratitude which my Honourable friend has claimed would have been more deserving and sincere if the reduction in the Army expenditure would have been permanent.

Before concluding, I would urge upon Sir George Schuster that, as he is to leave the shores of this country shortly, he should stress upon the powers concerned the necessity of carrying out drastic reduction in the top-heavy administration without which there is not a shadow of a chance of putting the Government budgetary position on a sound basis accompanied by the contentment of the people having been relieved of the crushing burden of taxation which is most essential for a good Government.

Diwan Bahadur Harbilas Sarda (Ajmer-Merwara: General): I must

4 P.M. offer my meed of praise to the Honourable the Finance

Member for the excellent Budget which he has presented to us. Considering the circumstances of the country and the conditions of trade and commerce, the Budget which he has presented is indeed a good one. Two things have always to be considered when a Budget presented to an Assembly has to be considered. First is that the Budget has to be balanced, and, secondly, if there is a deficit or the income is smaller than the expenditure, money has to be raised to balance the Budget. In the present case, the income was smaller than the necessary expenditure and money had to be raised and the Finance Member had no other source of raising money except by taxation. The only thing to be considered in taxing is this. Taxation is, of course, a necessary evil and is always a bad thing from the point of view of the people who have to pay taxes;

[Diwan Bahadur Harbilas Sarda.]

but, being a necessary evil, it has to be met and the question is, when the tax has to be raised it must be raised in the least objectionable way; and I think if we consider the present Budget, we find that this condition has been fulfilled, and, consequently, the Honourable the Finance Member is entitled to the congratulations of this House.

Sugar, tobacco and matches, these are the principal articles which he has taxed. An Honourable Member said that an excise duty was always bad and particularly when it was on production. Now, sugar is as much a manufactured article as liquor; and if liquor can be subjected to excise duty, I do not see why sugar should not equally justifiably be made subject to such a duty. The primary product is *mhowa* or barley in one case and sugar-cane in the other case; and the primary product has not been taxed at all. The effect of taxing sugar will probably be so far as we can foresee, that the profits of the sugar companies would be lessened a little. So far as the industry of the cane growers is concerned, it has been protected by the Honourable the Finance Member who has made a provision that Local Governments shall make rules and regulations to secure to the cane growers a minimum price for their cane.

I do not want to say much about the General Budget at this stage, but I want to say a few words about Ajmer-Merwara, because during the last 11 years that I have been here, the Budget of Ajmer-Merwara has never been discussed in this Assembly; and that will continue to be so, so long as the present procedure lasts. Though in literacy and other matters, relating to social and other amenities of life, Ajmer-Merwara stands abreast of the most advanced Provinces of India, yet it has not been allowed to benefit from the reforms. The people of my Province have neither a Local Council nor any agency by which they can be made responsible for the laws and regulations that are framed for that Province. As early as 1925, I moved a Resolution in this House asking the Government to establish a small Legislative Council for making laws for that Province, as there was one for Coorg. Coorg is half the size and with half the population of Ajmer-Merwara. Yet it has a Legislative Council of its own. Ajmer-Merwara, which is more advanced than Coorg in all respects, has not been given one, and I would ask now that as the entire Constitution of the country is in the melting pot, some provision be made by which Ajmer-Merwara may also receive the benefits of the Reforms in the same way as other major Provinces will receive, if it cannot receive that benefit by remaining a separate unit, then, by its being amalgamated with the U. P., of which it formed part till 1871. We do not want a big Council, with all the paraphernalia of a Law Member and a Finance Member. We only want a small Council where the laws and regulations made for Ajmer-Merwara may be discussed and people there may be allowed to have a voice in the local affairs.

Then, Sir, I find that capital funds are now forthcoming. Delhi, which is also centrally administered, is almost the same size as Ajmer-Merwara, and has no doubt certain other important aspects. It is the Capital of India. 25 lakhs have been given for a hospital here. Would not the Honourable the Finance Member be justified in giving us a lakh for our hospital for Ajmer-Merwara which is the centre of Ajmer-Merwara and which sets an example, as a matter of fact, to the whole of Rajputana in cultural matters. The Ajmer Government College badly needs money.

The University has been telling the authorities that they will withdraw its recognition if certain things are not done. Rs. 25,000 have recently been sanctioned, but it is too small a sum. If capital funds are forthcoming and Government sanction a couple of lakhs for Ajmer-Merwara to meet the necessary expenditure, it would only be doing a very necessary thing. The sanitation of Ajmer is as bad as can be and the death rate is higher than that of any other equally well situated place. The Municipality and the Local Government have been asking the Government of India for a loan for a drainage scheme. The North-West Frontier Province can get a crore and a half every year. Delhi gets lakhs and lakhs in one way or another from the Central Government. Ajmer-Merwara does not get anything. Not only in the City of Delhi, but in the suburbs and in the villages, there is compulsory education. In Ajmer, compulsory education is unknown, and in no part, even of the Ajmer town, does compulsory education prevail; why, because there is no money! As the Central Government is responsible for the administration of Ajmer-Merwara, I appeal to the Honourable the Finance Member to make some provision by which the condition of things in Ajmer-Merwara can be improved.

There is another little matter. The Bengal Government have thrown a lot of detenus on the administration of Ajmer by sending them to that Province. The Commissioner of Ajmer has to go three or four times every month to Deoli and he has to give a lot of his time to matters regarding the detenus. The medical authorities have also to provide accommodation for them and they have to see to their comforts and treatment and thus spend lot of money over them. What does the Bengal Government give to Ajmer-Merwara in return for all that? The Bengal Government might be asked to contribute towards the administration of Ajmer-Merwara when it has sent 500 of its detenus to Ajmer-Merwara. The Bengal Government finds it very convenient that part of its important work should be done by Ajmer-Merwara. Is it not fair then that the Bengal Government should make a contribution to pay for the work done for it?

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

I, therefore, while congratulating the Honourable the Finance Member on the excellent Budget and also on his making money so cheap in the country for the use of industries if they want to make use of it, must also ask him to remember Ajmer-Merwara, as this is his last Budget. We hope that if he is not able to do anything for Ajmer during his time, he will put down in writing something by which his successor might be able to help Ajmer-Merwara.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): Mr. President, we get two days for the general discussion and five days to discuss eighty-four Demands for Grants. Under our present convention, out of those five days we spend four days in discussing five or six important subjects and we get only five or six hours to deal with the other eighty demands of the Budget, and, under the present arrangements, in respect of some of the most important subjects like the Postal Budget, which deals with about Rs. 10 or 11 crores and for which, in fact, the Finance Member supplies us a separate volume of Budget book, we hardly

[Mr. S. C. Mitra.]

get any time at all. So, Sir, with your permission, I would like to confine my speech mostly to the Postal Budget; but, before I do so, I should like to say just a few words about the general finances.

My friends from Madras, and, particularly, my gallant Sikh colleague felt jealous that Bengal was getting a very large amount out of all proportion to what they can claim. Sir, I for one do not congratulate Bengal much on this windfall of about two crores of rupees, because I know this money will be spent mostly *not* on the nation-building departments, but on police and the machinery for law and order; so it will not help my people in any way. My friend, Mr. Mody, was here suggesting to me that we should deport all the terrorists and anarchists, and I suggested to him, "also the police and the soldiers". Sir, the so-called anarchists and the terrorists have been deported already to my friend, Diwan Bahadur Harbilas Sardas Province; and if the police and the soldiers are removed, I think we can still have a balanced Budget, all round. However, as regards the general finances, I shall only read a few lines from a note submitted to the Joint Select Committee. Sir, our trouble began with the Meston Award. It is a question of belated justice, not at all of Bengal being favoured in any way. All credit is certainly due to our very strong Governors. I believe our Governor, His Excellency Sir John Anderson, is responsible for getting this amount through the Secretary of State for our Province. (Hear, hear.) Sir, I will now read from the note submitted to the Joint Select Committee:

"The total revenue of the Government of India in the same year, 1921-22, was Rs. 64,54,66,000, of which Bengal contributed not less than Rs. 23,11,98,000. According to Sir Walter Layton, in 1929, Rs. 16,59 lakhs were collected from Bengal, Rs. 7,14 lakhs from Madras, Rs. 5,84 lakhs from Bombay and Rs. 7,17 lakhs from the United Provinces. Since the jute duty was imposed in 1916, Bengal has contributed nearly Rs. 50 crores to the Government of India from this source alone. The income-tax and super-tax from jute mills and jute business are estimated to have contributed Rs. 2½ crores annually to the Government of India. Bengal's unfortunate position was not due to the poverty of the Province, but solely to the method of allocating the total revenues of India between the Provinces and the Centre. The difficulties were further enhanced by the fact that the sources of revenue assigned to it were inelastic, namely, land revenue, excise, stamps and court-fees. From the outset it was clear that the Meston settlement worked grave injustice to Bengal and the first Budget showed a deficit of Rs. 1,20 lakhs."

Sir, I do not like to take the time of this House by quoting figures to show that the Province of Bengal suffered *ab initio* from the Meston Award and injustice was done for a very long time, and it is a case of undoing an injustice, not of indulgence from anybody.

Now I would like to deal with the general finances. Sir, my friend, Mr. Anwar-ul-Azim, reminds me that other Provinces get large subventions—for instance, the North-West Frontier Province gets Rs. one crore, then my friend, Mr. B. Das, is expecting some 50 lakhs

Mr. B. Das (Orissa Division: Non-Muhammadan): We are expecting only Rs. 28 lakhs.

Mr. S. C. Mitra: Anyway, you shall have to subsist only on subventions (Laughter); and then a big Province like Madras had very large loans for the building of the Vizagapatam Harbour, and the Punjab drew crores for its Kangra Valley Railway scheme, and the beautiful Province of Bombay had its backbay scheme for which the Government of India had something to pay

Sir Cowasji Jehangir: May I point out that the Government of India have not paid out one rupee. And may I point out to the Honourable Member that Bombay's case is exactly parallel to that of Bengal.

Mr. S. C. Mitra: So that he on similar grounds might claim from the Government of India some money in some shape or another in future; otherwise they cannot also go on balancing their Budget. Sir, it is no use quarrelling among the Provinces.

Now, I shall just say a few words with regard to the financial position of India during the last five years of the régime of my Honourable friend, Sir George Schuster. When he came out in 1928, he got from Sir Basil Blackett almost a balanced Budget, and, so far as I remember, in the year 1928-29, he only asked for a duty on motor spirit, but next year, though the economic depression did not exist, even at that time he asked for additional taxation,—for a duty on cotton, Rs. 1,25 lakhs, for income-tax and super-tax 70 lakhs, for kerosene 35 lakhs, for sugar 1,80 lakhs and for silver 100 lakhs, total Rs. five crores ten lakhs; and I think, if I remember aright, his main ground was that there should be a proper and scientific debt redemption fund, and I agree with him that in any scientific system of finance there should be a proper arrangement for repayment of national debt, but this additional duty was not necessary due to any special economic distress, either in India or anywhere else. Then, in 1931, he put on further taxes by way of customs, Rs. 9,88 lakhs. and income-tax to the tune of about 4,54 lakhs nett and for silver, and in 1932-33 he put taxes on dyes, postage and machinery. Now, here, I must say, by the by, because I shall not have any chance of referring to it,—here alone in India we put such a large amount of tax on machinery which helps the indigenous industry. The anxiety of the Government for the promotion of industries, if they really are sincere and earnest, certainly should impel them to do away with this duty on machinery. Then, there was the duty on raw cotton which brought 48 lakhs. Then the income-tax minimum was lowered which was responsible for 1,73 lakhs. Then there was the additional salt tax which brought 2,88 lakhs. Then there were import duties on silk, sugar, boots, etc. From all these sources in all these years I think he has recovered additional taxes to the tune of about 40 to 50 crores; and now when he is reducing the amount of the Debt Redemption Fund from 6,88 lakhs to three lakhs, I think we could reasonably expect that the additional duties that were put for that purpose alone should be reduced. But the additional taxes will continue. Although the fund for debt redemption is reduced, the additional duties, which were specifically put for that purpose, remain the same.

The Honourable Sir George Schuster: My Honourable friend is under some misapprehension. There was no question of extra tax being imposed in order to provide for the provision of reduction and avoidance of debt. That was fixed by Convention in 1924 long before my period of office. I think possibly what my Honourable friend has in mind is that in 1930-31 for the first time we made proper provision for the growing liability in respect of the Post Office Cash Certificates. That put an additional burden on the Budget. Possibly that is what my Honourable friend has in mind.

Mr. S. C. Mitra: I speak subject to correction again, that this necessity for putting additional duties in that year (1931-32) was due to this new provision for putting an additional sum in the debt redemption fund. My

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point is that it was not due to the economic distress in the country that our income went down. I again speak subject to correction that this additional duty was imposed at a time when this loss of Government revenue could not be attributed to the economic distress throughout the country.

The Honourable Sir George Schuster: I think my Honourable friend surely will recollect that the general economic crisis began at the end of 1929.

Mr. S. C. Mitra: In any case, what I find is that though the debt redemption fund is now reduced, but the duties that have been imposed during all these five years of the régime of the Honourable the Finance Member, the burden will remain on the shoulders of the tax-payers of India. I do not like to go into other details, because I shall get another opportunity to discuss those details later on. I should like to confine myself at present mostly to the Postal Budget. I welcome the presence of my old friend, Sir Thomas Ryan, as a Member of this House, and, particularly when he is retiring, we find that he has given us a more or less balanced Budget.

Coming to the Posts and Telegraphs Department, I see that it has been possible to reduce the loss of the Department to a certain extent. The reason is that he has respected the wishes of this side of the House to a certain extent, although there are still many defects in the accounts requiring rectification. I must in this connection point out that we are seriously handicapped as the Annual Report of the Posts and Telegraphs Department has not yet been published. In view of the belated publication of the report, we are not in a position to know what was exactly the state of affairs during the last year. It is a matter of some satisfaction that the provision for the Depreciation Fund has been reduced to Rs. 8,72,000 against Rs. 44,08,000 in the year 1933-34. The Accounts Inquiry Committee recommended that the interest earned on Depreciation Fund balance should be added to the income side of the Department and found out, on careful calculation, that a sum of Rs. 70,63,000 was to be added as interest. But this has not been done. In reply to a question put by me on the 5th February, 1934, I was informed that up to the close of the year 1933-34 the total amount of Depreciation Fund was Rs. 3,05,76,851 while the Accounts Inquiry Committee recommended as follows:

"The depreciation fund of the Department is given an initial opening balance of Rs. 8,25,35,096 being the amount of the arrears of depreciation on 1st April 1925 and interest on the Depreciation Fund balances should be credited to the revenue of the department."

I am, therefore, in a fix to know what should be the correct amount. The recommendation of the Accounts Inquiry Committee was based on the information supplied by the Government. I, therefore, invite the Government to say definitely as to whether the information supplied by them to the Committee, or their reply to my question is correct. From the reply to the question referred to above, it appears that the Department will get Rs. 15,39,000 as interest on the Depreciation Fund balance, and that in the coming year the interest is expected to be more. But I do not find anything in the Budget. If this item of interest, *vis.*, Rs. 15,39,000 had been added to the income side, then there would have been no loss

to the Department. Rs. 84,25,000 has been charged as interest on Capital outlay against Rs. 88,35,000 in the year 1933-34. I shall be glad to know the cause of this increase of Rs. 90,000, because the rate of interest has gone down and not increased during the last year. It has now been decided to print and sell separately the revenue stamps, and I do not see any reason why a sum of Rs. 5,44,000 has been provided in the Budget as "Civil Department share of ordinary and unified stamps". The share of cost of combined offices has been shown as Rs. 34,00,000 against Rs. 84,59,811 in 1932-33, although I presume that the number of combined offices is on the increase. There is another fact worth mentioning. In the year 1932-33, the Telegraph Branch derived income through combined offices to the extent of Rs. 108.8 lakhs, but gave credit of only less than one-third of the income to the Postal side. It is simply unfair which is one of the causes for loss of the Department. There has also been a slight increase in printing stamps and postcards, namely, Rs. 11,70,000 against Rs. 10,59,000 in the year 1933-34. Although the expenditure has decreased in the post office, the expenditure under head "Audit" has increased. In this year, Rs. 31,33,000 has been provided against Rs. 27,87,386 which was actually required in 1932-33.

I shall touch a very important point relating to allocation of the income from the sale of stamps between the Posts and Telegraphs Branches. It has been stated in the Budget that the calculation of the telegraph share of stamps is based on the number of telegrams and average value per telegram. I understand that in all combined and departmental telegraph offices statistics are kept of the number and value of telegrams booked, as will appear from the reply to my question dated 5th February, 1934. I, therefore, see no reason why the actual value of telegram should not be taken into account for allocating income between these two departments from the sale of postage stamps. According to the present arrangement, one would be satisfied in thinking that more income is being credited to the Telegraph side than is its legitimate share. In the item "Credits for the services rendered to other Departments" on account of management of Post Office Savings Bank and Government Security and Cash Certificates, a sum of Rs. 56,49,000 has been credited. I shall be glad to know the number of supervisory staff, clerks and inferior staff employed in the Post Offices as well as in the Audit Offices for this work and what will be the actual charge on account of their pay, leave provision, pensionary charges, as well as expenditure of stationery, contingency, rent, etc., before deciding whether the credit is fair to the Post Office or not.

It has been announced that henceforth the charge on letters weighing $\frac{1}{2}$ tola would be one anna. I think this will not be much of a boon to the poorer middle classes. Many people will not be able to know what will be exactly $\frac{1}{2}$ tola and, as a consequence, many letters will be taxed. So I propose that the weight be raised to one tola. The rates on packets have also been raised in order to check abuse, but why have not the rates on foreign packets been also raised? The charge on a foreign letter is three annas six pies against one anna three pies for inland, and, on the same analogy, the charges on book, pattern packets or samples, etc., should at least be annas two per five tolas. Before the year 1931, the charge of registration on a foreign postal article was annas three, while the charge of inland registration was annas two. Although the registration charge of inland letters, etc., has been enhanced to annas three, the registration charge on foreign articles remains the same, namely, annas three. I strongly

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protest against this sort of bounty to the foreign country, and I propose that this charge should also be enhanced to annas five. The additional income from enhancement of these rates will compensate for any possible loss on reduction of charge on letters up to one tola. While, however, the reduction of postage on envelopes will, as I have shown, give very little relief to the poorer middle classes, the mass of population, I mean the poor cultivators and the labourers, have not been afforded any relief as no reduction has been made on the price of postcards. The public of the country do not, I must frankly state, share in the Government view that the Post Office in India is a losing concern, while the Post Office in Great Britain and other countries are yielding decent surpluses in spite of the trade depression and without any ruthless retrenchment as here in the subordinate postal service. They attribute the deficit in the Department to the defective system of accounts maintained since commercialisation of the Department and to the pampering of the Telegraph Engineering as also of the Telegraph Traffic Branch at the cost of the Postal Branch since amalgamation of the two branches. The retrenchment policy adopted by the Department goes only to confirm this view. In spite of the repeated and insistent demand from this side of the House to reduce expenditure in the Telegraph Engineering Branch, the branch has been left entirely untouched, and the staff, found surplus by the several Committees in the Telegraph Traffic Branch, have not been reduced, while retrenchment is being effected ruthlessly and wrecklessly in the subordinate staff in the Post Office and R. M. S. Are we to understand that the Telegraph side, especially the Engineering Branch, officered as it is by Europeans and Anglo-Indians, is thus favourably treated, because it concerns these vested interests and that the subordinate staff in the Post Office and R.M.S., being chiefly composed of men of the soil, should be ruthlessly sacrificed in the name of economy? No sooner was the question of retrenchment but whispered in the Assembly than the Department started axing operations in the Postal Branch with the result that several thousands of clerks, sorters, postmen and inferior staff were quickly retrenched, nearly 150 selection grade appointments were done away with and a large number of departmental post offices were converted into extra-departmental agencies, and so on and so forth. The craze for retrenchment has not stopped here and I am informed that gazetted officers have been given a blank cheque to retrench any postal official irrespective of age or length of service.

The Honourable Sir Frank Noyce (Member for Industries and Labour): I am sorry to interrupt the Honourable Member, but it is becoming increasingly difficult to follow him.

Mr. S. C. Mitra: But it has become equally increasingly difficult for me to finish my speech within the allotted time.

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member can take five minutes more to finish his speech.

Mr. S. C. Mitra: Thank you, Sir. I have only this day received the tragic report from Burdwan that the Divisional Superintendent has issued orders summarily retrenching as many as ten junior postmen with periods of service ranging between 15 and 29 years, who have been ordered to be relieved in the afternoon of 28th February, 1934. It is also under contemplation to retrench 80 or 90 officials in the Burdwan Division alone with

services ranging between one and ten years. Sir, this may look humorous to some of my Honourable friends, but it is a question of life and death to these poor subordinates. I enter the most emphatic protest against this massacre of the innocents, this merciless butchering of poor Indians in the name of retrenchment. On the top of all this, the Government are going to appoint what they call the "Postal Establishment Enquiry Committee" for which Rs. 60,000 has been sanctioned. I can easily anticipate what the result of this Committee will be, and I should think that the Committee would be better styled as "Postal Disestablishment Committee" as it will be more descriptive of the work to be done by the Committee. It is rather amusing to find that the Government have, along with the appointment of the Committee, held out the bait to the public of a prospective reduction of the postage rates within the next three years. Well, I must warn the public not to swallow this bait. As a member of the public and as one of their representatives, I refuse to believe that the only way to reduction of postage rates lies through the cutting of the throats of the poor subordinates in the Post Office and the R.M.S., who have served us so well and that there is no other way. On the other hand, I am quite emphatic in my view that if the defective system of accounts is completely over-hauled as recommended by the Postal Accounts Enquiry Committee, if the expenditure in the Telegraph Engineering Branch is properly curtailed by reorganising the Branch on the principle of amalgamation of the Telegraph, Wireless and Telephone, as suggested by the Telegraph Establishment Enquiry Committee, if the surplus staff in the Telegraph Traffic Branch are retrenched as recommended by the latter, then the surplus that will accrue to the Department will be more than sufficient to enable restoration of the postage rates to the old level. The public surely want cheap rates of postage, but it should not be forgotten that they do not want an inefficient postal service which will surely be the inevitable result of the one-sided policy of retrenchment that is being blindly pursued by the Department. Above all, they do not want that a single Postal or R.M.S. official should be unjustly and unnecessarily thrown out of employment and swell the ranks of the vast unemployed in the country. (Applause.)

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, whatever may be said about the present Budget, I must say that, during the last three years that I have been in this Assembly, this is the most balanced Budget. Whatever criticism may be launched against the Honourable the Finance Member for what he has done in taxing the country and keeping up its credit, I have no doubt that all sides of the House will agree with me that he has carried on the administration of the finance of this country so efficiently that, in spite of the very bad times, our credit has not been lost, but on the other hand it has been regained. The credit of the country, it seems to me, is the most important from a national point of view. As far as that is concerned, I think he is to be congratulated most warmly for keeping up the credit of India at so high a level in spite of the many distressing circumstances. Apart from that, I just wish to say a few points, and I hope, Sir, I will be able to finish them within the time limit fixed by you.

The first point concerns the excise duty on sugar. I am entitled to say a few words about sugar, because I come from a Province in India, the United Provinces, which is the most important as far as the production of sugar is concerned, and my district, the Gorakhpur district, is the

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most important, because there are very large number of sugar producing factories. It is a travesty of facts that, when the sugar protection Act was passed, the object in view was that it would develop the sugar industry which it has done to a great deal, but it will not be mainly at the cost of either the consumer or the cultivator. The object at that time was that the benefits arising out of the sugar protection would be shared equally by the millowners, as well as by the cultivators. At that time when the Sugar Protection Bill was introduced, I said that there ought to be safeguards in the Bill so far as the cultivators are concerned. On the 6th February, 1932, when the Sugar Protection Bill was under discussion, the Honourable Sir George Rainy said at that time with regard to what has fallen from me as follows. I read from page 498 of the Assembly Debates, dated the 6th February, 1932:

"In reply to what has fallen from the last speaker"—(that is, referring to me), "I only wish to say this, that as I have already explained, we do attach importance to that aspect of the question,"

—that is the aspect of the question which I put forward from the point of view of the cultivator,—

"and that we are quite prepared to consider measures which are likely to prove satisfactory in practice, designed for the object he has in view. The difficulty is that it is not very easy to find effective measures, and as I have said, I think sooner or later it will probably rest with the Local Governments to take necessary action."

I am glad that, although the Government are never consistent, it is all to their credit in this particular instance. I am glad that this view, which was expressed by Sir George Rainy, is dissented from by the present Finance Member and he thinks that some legislation is possible in order to help the Local Governments to bring out some sort of legislation which will secure adequacy of prices to the cultivator. I must point out whether it can be effectively worked, because the fixing of prices of cane is a very difficult problem. It depends upon the supply and demand, and as you cannot fix the price of any other commodity, it is very difficult to fix that a cultivator should get a certain price. I submit there are many subterfuges by which the cultivator can be deprived of that price even if you fix it. So, while pointing out that it is economically difficult, I doubt very much whether it will be possible to give effective help to the cultivator by fixing any price. However, I welcome that as a salutary sign that the Government, after two years, at last have taken into their heads to provide some legislation by which the cultivator would be entitled to get a fair remunerative price for his cane. In my part of the district, I find that although the basic price of a maund of cane to a cultivator is not less than four annas, in many places they are hardly being paid even three annas. It does not even pay for the cartage. In some places they are being paid two annas and three annas. Though five annas is the nominal amount, they are supposed to get, really they get much less, if you take into account the payments to the intermediaries like the *tekadars*. So, by these subterfuges, the poor cultivator is deprived of a fair price for his cane. There is also the underweight which is practised by these *tekadars*, and the poor cultivator does not get paid for the actual quantity of cane that he brings. Then the question will be asked, why does the cultivator produce cane, if it does not pay him to do so. The answer is simple, because, of all the crops which can be grown at the present moment, cane is the most paying, and, because, as no other crop pays

owing to the cheapness of grain, they are cultivating a certain amount of cane although the amount paid for the produce of cane may not be sufficient.

Then, Sir, the next point in this connection which I wish to submit is that it is hard to have an excise duty which means that you are putting a tax on the consumer. Every sort of excise duty, although it may help the industry to a certain extent, affects the consumer, and that has got to be considered, and a duty should not be imposed simply because it helps the growth of a certain industry while the consumer is indirectly taxed. This point was very rightly brought out by Sir George Rainy at that time when a bait was held out in the Sugar Protection Bill; and, with your permission, I will read two sentences from what he said on the 1st April, 1932:

"It is very well-known that the high duty on sugar has raised the price so much that in combination with the great reduction in the resources of the people of the country it has reduced the consumption of sugar by a very large percentage. I am not in possession of the latest figures; no doubt the Honourable Commerce Member would be able to supply them if necessary. But I hope my friends will at least admit that the consumption of sugar has fallen by something like 50 per cent. in the last two years. Now, Sir, the consumption of sugar is a very important factor in the health of the nation and anything that tends to reduce it is to be looked at with very great jealousy."

If that was the view of Sir George Rainy at that time when the import duty was imposed, I submit that the imposition of this excise duty will affect it all the more—particularly in two ways. Firstly, it will not benefit the cultivator in spite of the legislation on that line about fixing prices. Secondly, it will be harmful to the consumer because sugar is one of those things which is used by almost everybody either in smaller or greater quantities. And the price they are paying is almost, as the Finance Member has said, three times that they were paying for Java sugar, and now it will be a little more. Therefore, the consuming capacity of the public, who are already paying a very high price for sugar, will be raised, because the millowners will try to put an extra price on their sugar. If they are selling at Rs. 9 now, after this excise duty they will sell at Rs. 10 which means a greater burden on the consumer, and secondly, it will not bring any relief to cultivators in spite of the proposed legislation. It is, therefore, from these points of view that I wish to oppose the imposition of the excise duty on sugar.

The next point to which I wish to invite the attention of the House is in connection with income-tax. I put certain questions in this Assembly to find out what was the number of appeals in income-tax and how many were allowed. The reply showed that there were 25,000 appeals from the assessments made by income-tax officers and over 50 per cent. of those appeals were allowed. This is scandalous and shows the extent to which the public is being harassed. So, I submit, that there is something wrong with the handling of income-tax because officers are being employed who have no legal training. I also put a question whether LL.B.'s or people who passed a law examination were employed as income-tax officers, or whether other people were employed. The reply was that lawyers are not necessarily to be employed. I think this post should not be given to those who have no legal training, the result being that they do not know the law of evidence, they do not know what evidence should or should not be taken, etc. Their one idea is that their promotion in the Department depends on increasing the amount of tax, with the result that the poor tax-payers suffer, and also with the result, as I have shown

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before, that out of 25,000 appeals, nearly half were successful. That is one point to which I would invite the attention of the Department concerned that, so far as future appointments in the Income-tax Department are concerned, only those persons should be appointed who are lawyers or have some legal training.

The next point which I wish to submit in connection with the Finance Department relates to insurance policy. Sir, we all know that it is almost the birthright of every man that he can get himself insured wherever he likes and it is for him to choose which company he will accept, whether it is Government or a private company. Now, a recent circular, of which I hold a copy which has been issued by the Finance Department on the 13th November, 1933, has this in effect that where people are taking money from the provident fund in order to invest it in policies other than Government, they are being debarred from doing so. Many people wanted to withdraw from the provident fund, but this circular, after giving certain reasons, says in paragraph 3:

"The Government of India accordingly propose to include a specific provision in the rules of the various provident funds affected forbidding the utilisation of provident fund money for the payment of premia on pure endowment policies."

An endowment policy is defined in a previous paragraph of the circular as:

"a policy in which the insurance company undertakes to pay a fixed sum at a fixed date, with a provision that should the assured die before that date, the single premium or periodical premiums paid (plus in certain types nominal interest or profits intermediately declared) would be repaid to his estate."

I do not see why Government should force their servants to invest the money in policies which are subscribed by Government only and prevent it from being taken away from the provident fund and investing it in other policies. The reason given by Government is that they provide four per cent. interest. Other policies also provide four per cent. interest, but that is no reason. The provident fund belongs to him. If he likes, he can invest that provident fund in Government policies, he should also be entitled to invest that in any other policy, either payable by a single premium or a number of premiums as he likes. And I do not think a bar should be placed upon him to force him to invest it in Government funds only unless Government want to keep the money at any cost. They would not pay him the provident fund money or other money so long as he is in Government service. This circular is No. F.-20-VI-R.-II/32, dated the 13th November, 1933.

Sir, these are the two points which I wanted to submit in connection with the Finance Department. Now, with your permission, the next item which I should like to take concerns the Postal Department with regard to which I have got two or three points to raise. The first point I want to submit is that Members of this House know that, in other departments, for persons, drawing below Rs. 40, there is no cut in pay. But so far as the Railway and Postal Departments are concerned, for everybody, even for persons drawing Rs. 5, there is a cut in pay, though the cut is a graduated one. We find that in the Postal Department, those who are getting above Rs. 40, have to pay a cut of about 3½ per cent., while those, who are getting below Rs. 40, after making allowance for the half remission, will get a cut of 1½; for those whose pay is between 40 and 80, it comes to 3½ per cent. I submit, there is no justification for making

any cut in the case of men getting below Rs. 40. After all, every man has a wife and child, and, under normal conditions, he must get at least subsistence wages: to a man getting ten rupees, one rupee is a much greater amount and its loss represents a much greater hardship than for a man who gets Rs. 4,000 who can easily lose 200; therefore, my submission for the serious consideration of the Honourable Sir Frank Noyce is that this cut, in the case of people getting below 40 rupees, should be restored: it would mean a loss of about three lakhs. If the Department really cannot afford this, I for one would be prepared that those who get between 40 and 80 should be made to pay four per cent. instead of 3½ per cent. . . .

The Honourable Sir Frank Noyce: If I may interrupt the Honourable Member, I think he is a little generous in offering that concession at the expense of the people getting between Rs. 40 and Rs. 80.

Mr. A. Das: In any case I hope the Honourable Member will see that the man who gets below Rs. 40 is in greater need than the man who gets above 40; therefore, I say that, as far as I am concerned, I feel the case of those getting below 40 should be more sympathetically considered than the others. I want that the cut in the case of these poor men should be done away with, and I hope their deserving case will meet some consideration.

The next point about the Postal Department is that retrenchment has been carried out very drastically. During the retrenchment process carried on ceaselessly for three years, the poor employees have been hit hard and subjected to severe disabilities and discomforts, some of which only I am mentioning. The scale of pay for departmental branch postmasters, overseers, and head reader, and sorting postmen is higher than that for postmen and village postmen. The number of these appointments has been severely thinned under the retrenchment campaign as revealed by the replies given by the Honourable Member in charge of Industries and Labour to the questions put by me in the last September Session of this Assembly. The number of overseers in the whole of India and Burma, which stood at 993 at the end of the official year 1931-32 as against 1,060 in the preceding year, underwent a further reduction of 128 during the period from 1st January, 1932, to 31st May, 1933. This phenomenon is likewise noteworthy in the case of head postmen. On the 31st March, 1932, these categories comprised 30,480 officials compared with 31,354 on the corresponding date of the previous year; but they were thinned by the elimination of 2,391 men between the 1st January, 1932, and 31st May, 1933. If you want to cut down and retrench by getting men getting 15 or 20 rupees and not seriously affecting those who get above 3,000, I submit, that is no retrenchment. It is a purely selfish policy which does not touch the bigger men, but, in order to show to the outside world that you are retrenching, you cut down men on the lowest rung of the ladder irrespective of their number and of how it affects them. Life is one for everybody, whether it is a man getting Rs. 5,000 or Rs. 5 per month: one has as much a right to live as the other: then, why do you not cut down more men getting high salaries, and why do you cut down men in thousands who draw only Rs. 15 a month or less?

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member must conclude now.

Mr. A. Das: May I have just five minutes more, Sir? I will just finish this item. The case of departmental branch postmasters in this respect makes astounding reading. Departmental branch post offices number 1,210 on the 31st March, 1932, as against 1,319 on the same date of 1931, and, of these, as many as 761 were converted into extra departmental ones from the 1st January, 1932, to 31st May, 1933, and if these converted are added to those abolished, which may not be a few, the havoc wrought would be a revelation indeed. The process of abolition and conversion is still being pursued with unabated rigour and the state of things at this moment can well be imagined.

I will leave other matters: but there is only one which I would like to bring up and that is the pension of postmen. It has been fixed that no postman below Rs. 40, no matter what his pay is, can get a pension exceeding Rs. 6. This matter has been brought up at various times in the Assembly, and I submit it is a standing grievance why he should not get half of his pay as pension. If a man getting Rs. 2,000 or Rs. 3,000 as pay can get half his pay as pension, why should not this poor man get at least half his pay as pension? Can a man live on Rs. 6 per month? There is no reason why the same rules, which govern higher paid men, should not be extended to these men who get below Rs. 40. This is a standing grievance for the last several years, and I would invite the Postal Department to look into it.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 3rd March, 1934.