

# LEGISLATIVE ASSEMBLY DEBATES

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SATURDAY, 17th MARCH, 1934

Vol. III—No. 6

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## OFFICIAL REPORT



### CONTENTS.

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Short Notice Question and Answer.

Statements laid on the Table.

The Indian Finance Bill—Discussion on motion to consider not concluded.

Statement of Business.

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# LEGISLATIVE ASSEMBLY.

*Saturday, 17th March, 1934.*

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The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Deputy President (Mr. Abdul Matin Chaudhury) in the Chair.

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## SHORT NOTICE QUESTION AND ANSWER.

### TERMS OF LOANS GRANTED TO BIHAR EARTHQUAKE SUFFERERS.

**Mr. Gaya Prasad Singh:** (a) Has the attention of Government been drawn to a communiqué issued by the Government of Bihar and Orissa announcing that loans will be granted to private individuals for the repair or reconstruction of houses damaged or destroyed by the earthquake at the following rates of interest:

(i) to those unable to borrow money otherwise than from the Government, a loan ordinarily not exceeding Rs. 1,500 bearing an interest of  $4\frac{1}{2}$  per cent. after the first year, the loan being repayable in half yearly instalments of not less than 10 or more than 16 commencing 18 months after the first instalment of the loan is paid; and

(ii) to those ordinarily able to finance themselves, but whose credit has been so impaired by the earthquake that they are only able to borrow money otherwise than from the Government on unusually high rates, loans will be granted at  $6\frac{1}{2}$  per cent., these loans being repayable in instalments spread over not less than 12 or more than 15 years?

(b) Will Government please state the amount of the loan they are likely to grant the Government of Bihar and Orissa and the terms thereof?

**The Honourable Sir George Schuster:** (a) The Government of India are aware of the terms on which the Government of Bihar and Orissa have offered to make loans to individuals whose houses have been destroyed or damaged by the earthquake.

(b) I am unable to give an estimate of the amount which will be needed for this purpose; but, whatever the sum may be, we have undertaken to place it at the disposal of the Government of Bihar and Orissa, on the following terms:

For the first category of loans mentioned in my Honourable friend's question—those to small borrowers—we have undertaken to advance the money to the Provincial Government free of all interest for the first year, so that the cost of this concession to individual borrowers will fall on Central revenues. After the first year, the loan will be made at whatever rate we can borrow ourselves, but subject to a maximum of  $4\frac{1}{2}$  per cent. I hope that our borrowing rate will be considerably below  $4\frac{1}{2}$  per cent., The actual advances to the individual borrowers will be made by the Provincial Government who will be responsible for collecting the

repayment. If there are any losses owing to default by the individual borrowers, we have undertaken to bear from Central revenues two-thirds of these losses, so that only one-third of the risk is to be carried by the Provincial Government. If our borrowing rate next year is, as I hope it will be, less than 4½ per cent. there may then be a profit to the Provincial Government on interest account, for that Government will, as already stated, make the advances at a fixed rate of 4½ per cent., after the first year. This profit will be applied, to the extent necessary, to meet losses from defaults in repayment of principal.

For the other category of loans, those to more substantial borrowers we have undertaken to advance the money at our next year's borrowing rate, whatever that may be. The Provincial Government will liquidate our advances, by repaying each year the full amount due in that year for recovery from borrowers, and, should there be any default, will bear the consequent loss, recouping themselves by the difference between the rate at which we make the advances to them, and the rate at which they lend to borrowers.

**Mr. Gaya Prasad Singh:** Do I understand the Government to state that the Bihar Government will advance loans at a higher rate of interest than they have to pay to the Government of India?

**The Honourable Sir George Schuster:** The terms on which the Bihar Government make the advances are settled by that Government. We have not interfered with them in that matter. My Honourable friend is quite correct that their proposal is to make the advances at a different rate to that at which we shall lend to them, and it will be necessary for them to make some difference in the rate, because undoubtedly they will incur some loss owing to bad debts. You cannot be sure that there will be 100 per cent. recovery of the loans that they make.

**Mr. Gaya Prasad Singh:** Do not the Government of India consider that the rates which have been mentioned in the communiqué of the Bihar Government are high?

**The Honourable Sir George Schuster:** That, of course, is a matter of opinion. My Honourable friend will appreciate that, as regards the loans to the really needy borrowers, they are not going to charge more than 4½ per cent and those loans will be free of interest for one year. I do not think any one could say that those are high terms having regard to the conditions as regards interest prevailing in India. As regards the loans to the more responsible borrowers, the rate proposed, according to my Honourable friend's information, is 6½ per cent. That, after all, is a fairly low rate of interest, again, having regard to conditions in India, and my Honourable friend must appreciate that, when he talks about the cost to the Provincial Government, the cost to them is not merely the interest which they have to pay us, but the risk that they run of making loss on account of bad debts.

**Mr. Gaya Prasad Singh:** Are Government aware that the Government of Nepal has provided a sum of 50 lakhs from which loans will be granted free of interest, repayable by instalments within a prescribed period of four years? I am quoting from the *Statesman* of the 16th instant.

**Mr. Deputy President (Mr. Abdul Matin Chaudhury):** That does not arise out of this question.

**Mr. Gaya Prasad Singh:** My supplementary question was based on this that the Nepal Government, with comparatively limited resources, are advancing loans on more generous terms. Why should not our Government, with ampler resources at their disposal, be able to advance loans on generous terms. That is the point of my supplementary question.

**The Honourable Sir George Schuster:** My Honourable friend must appreciate, taking into account the whole of our proposal that the Central Government have actually undertaken to make free grants of an amount which will probably be about, 180 lakhs and may be more. That must be taken into account. I have no information as to the terms on which the Nepal Government are making advances, but I think, according to what my Honourable friend just stated, those advances are repayable after four years. We are proposing to make advances for a considerably longer period than that, which makes the terms much easier to the borrowers in the conditions in which they will be placed, and I do not think the House would be inclined to support the proposition that public money should be used in making presents of interest all round. I think it is probably desirable that, although the rates of interest must be fixed in such a way as not to be beyond the resources of the borrowers, the borrowers should have some small obligation as regards interest.

**Mr. F. E. James:** May I ask a supplementary question? I should like to put it in the form of two questions, first, am I right in suggesting that the rates fixed by the Bihar Government are higher in the case of those loans where the risk is less and lower in the case of those loans where the risk is greater, and, if my assumption is correct, has there been any basis worked out as to the probable percentage of bad debts under each particular case—4½ per cent and 6½ per cent advances, and the second question is in regard to advances for reconstruction of property . . .

**The Honourable Sir George Schuster:** I had better answer the first question before the Honourable Member puts the second. As regards the first question, that is quite correct. Presumably the risk of bad debts will be greater in the case of the impecunious small borrowers than in the case of the larger and more substantial borrowers, and that is why, in the case of the small and impecunious borrowers, we have taken upon ourselves the liability for two-thirds of the risk of the loss. It is this circumstance which has enabled the Bihar Government to be more generous in the case of those loans than in the case of the others.

**Dr. Ziauddin Ahmad:** Will the Honourable the Finance Member convey to the Bihar Government the strong desire and feeling of the Non-Official Members of this House that they should not advance the money actually to the people on conditions more stringent than the conditions on which we lend the money to the Government of Bihar and Orissa?

**The Honourable Sir George Schuster:** I think my Honourable friend would do better to get a question of that kind asked in the Bihar Council.

**Dr. Ziauddin Ahmad:** I would merely like to convey *our* opinion to the Bihar Government.

**The Honourable Sir George Schuster:** I have no objection to conveying my Honourable friend's opinion to the Bihar Government.

**Mr. F. E. James:** I appreciate the Honourable Member's point in regard to  $4\frac{1}{2}$  per cent. loan, but we are still not quite clear as to the reason why the interest charged in regard to the other loans to be made to more responsible parties should be so high as  $6\frac{1}{2}$  per cent.

**The Honourable Sir George Schuster:** I understand that my Honourable friend has asked whether the difference of about  $1\frac{1}{2}$  per cent. is not more than requisite as an insurance or protection against bad debts. I am afraid that is an impossible question to answer. No one can say what the risk is—it is quite impossible to assess the risk, but that is entirely a matter for the Bihar Government. We have nothing to do with that difference: and if my Honourable friend thinks that the Bihar Government is not being sufficiently generous in the matter, I suggest that he should take it up through some friend of his direct with that Government. It has nothing whatever to do with us.

**Sir Darcy Lindsay:** Do Government consider it equitable that the honest borrower should be so heavily penalised because of the fear that the few may not repay their loans?

**The Honourable Sir George Schuster:** That, I think, is a matter of opinion.

**Mr. B. V. Jadhav:** Do Government expect more bad debts from those who borrow at  $6\frac{1}{2}$  per cent than from those who borrow at  $4\frac{1}{2}$  per cent?

**The Honourable Sir George Schuster:** I have already indicated in the reply I gave to Mr. James that I should imagine the chances of bad debts in the case of the smaller borrowers are greater than in the case of the more responsible borrowers.

**Mr. B. V. Jadhav:** And, therefore, people in whose case the chances of bad debts are higher should get the loans at a lower rate of interest than those in whose case the chances of bad debts are more.

**The Honourable Sir George Schuster:** That is quite true, but, owing to the difficulty of their own circumstances, we are treating the poorer class of borrowers not strictly on a commercial basis. That is the whole point, and the risk of doing that is borne as to two-thirds by the Central Government.

**Sir Darcy Lindsay:** Will Government consider the desirability of recommending the Government of Bihar to extend the period of repayment and the date on which the first instalment should be made? To my mind, the terms are very onerous.

**The Honourable Sir George Schuster:** I shall have great pleasure in forwarding to the Bihar Government a record of all these questions and answers.

**Maulvi Muhammad Shafee Daoodi:** Is it not a fact that the 1,80 lakhs, which it has just now been said has been given to the Bihar Government, has been given for the benefit of the buildings of the local bodies as well as for that of the buildings of the Bihar Government themselves, and that it is not for the private borrowers?

**The Honourable Sir George Schuster:** That is quite true. The three grants that we are making are, firstly, for the replacement of public works buildings belonging to the Bihar Government, and, secondly for all buildings belonging to local authorities. That is quite true.

**Maulvi Muhammad Shafee Daoodi:** Does not the Honourable Member see that there will be a great hardship in the matter of borrowing by placing all these restrictions?

**The Honourable Sir George Schuster:** What I would put to my Honourable friend is this—that in the case of the smaller borrowers, they get their money; they have to make no payment in respect of that until eighteen months; they get it free of all interest for the first year, and then they only have to pay interest at the rate of  $4\frac{1}{2}$  per cent. I suggest that those are very generous terms.

**Maulvi Muhammad Shafee Daoodi:** The difference is much deplorable as between the two classes—the local bodies and the Government on the one side, and the private borrowers on the other—the conditions seem to me to be more stringent in the case of the latter?

**The Honourable Sir George Schuster:** I think my Honourable friend is making an unreal distinction between the two. If we did not make free grants to the local bodies, they would have to raise the money from the public in the form of taxation, and we came to the conclusion that they would have no power to raise the money to replace the buildings which have been destroyed. That is why we agreed to make free grants to them.

**Maulvi Muhammad Shafee Daoodi:** True—we are grateful for the help given by the Central Government to the local bodies of my Province, but my point is—why are the conditions in the case of the private borrowers so stringent, why should they not be looked upon in the same way as local bodies are? That is the point.

**The Honourable Sir George Schuster:** I would ask my Honourable friend to look at it from the point of view of the protection of public revenues. I think if we were to allow it to be supposed that whenever any disaster of this kind occurs everyone is entitled to have his losses made good to him at the cost of the general tax-payer, that is a rather dangerous principle. What we are suggesting is a method of helping them on very easy terms, and we have thought that that is as far as it is fair to go—balancing the needs of the people who have suffered losses and the interests of the general public and the general body of tax-payers.

**Maulvi Muhammad Shafee Daoodi:** Do not Government realise that the local bodies and the Government have got resources to fall back upon, while the private borrowers have got no other resources except the generosity of the Government?

**The Honourable Sir George Schuster:** My Honourable friend is going rather deep into the principles which should underlie Government action of this kind, but I would again put it to him that, if a poor man is given the money necessary to rebuild his house free of all interest for one year and then has only to pay interest at 4½ per cent. on that, that is very generous treatment.

**Maulvi Muhammad Shafee Daoodi:** May I know more definitely the distinction which the Government of India draw between the two classes of borrowers?

**The Honourable Sir George Schuster:** We draw no distinction between them, because if we do not favour the other class of borrowers, then they will have to recoup themselves by raising taxes from the general public. It is the general public which is hit in both cases.

**Maulvi Muhammad Shafee Daoodi:** Has money been allotted to the two classes of borrowers separately,—such as, the first class of borrowers so much and the second class of borrowers so much?

**The Honourable Sir George Schuster:** As I have already explained, we have got no estimates of what will be required either by the one class or the other. What we have done is to say that we will find all the money that is necessary.

**Dr. Ziauddin Ahmad:** The Government of India have given, 1,80 lakhs to the Bihar Government. Has any sum been earmarked for private borrowers or it has all been left to the Bihar Government?

**The Honourable Sir George Schuster:** No. I would remind my Honourable friend of what I explained in my Budget speech. We are making a free grant of fifty lakhs to the Provincial Government for their own public works. We have also stated that we will give free grants to the local authorities required for the re-building of their schools, dispensaries, etc. I gave no exact estimate of that. That has got to come out of the special fund which is being made up by the transfer of this year's surplus which we estimate at 1,29 lakhs. If the whole of that fund is not required for grants to local authorities, then it will be available for other methods of assistance, and it is quite possible that, out of that balance, whatever it is, some special free grants will be made to individuals.

**Sir Darcy Lindsay:** As regards the fear that some of the borrowers may not repay their loans, as the money is to be lent for the express purpose of re-building and repairing damaged houses, will not the Bihar Government be sufficiently protected by mortgage or otherwise?

**The Honourable Sir George Schuster:** I may repeat to my Honourable friend that I will convey his question to the Bihar Government.

**Mr. Gaya Prasad Singh:** Are Government aware that the credit of the people has been so severely shaken by this calamity in Bihar that the terms on which the Bihar Government are lending money will be regarded as onerous and the amount inadequate, and that it will virtually amount to a denial of relief offered by the Bihar Government?

**Mr. Deputy President (Mr. Abdul Matin Chaudhury):** That is an expression of opinion.

**The Honourable Sir George Schuster:** It is an expression of opinion. I think my Honourable friend is unfair that the terms suggested can be regarded as very onerous.

**Mr. Gaya Prasad Singh:** In addition to whatever relief the Bihar Government may be willing to offer by way of loans on the terms which have been stipulated in the Press Communiqué, will the Government of India consider the desirability of recommending to the Local Government the desirability of remitting the land revenue, rent or such other public demands as may be necessary?

**The Honourable Sir George Schuster:** That is entirely a matter for the Local Government.

**Mr. Gaya Prasad Singh:** Are Government aware that notices have in many cases been issued and are being issued, and I have already mentioned some of these in course of my speech, calling upon these distressed people to pay their chowkidari and other taxes without any thought of the distress to which they are subjected?

**The Honourable Sir George Schuster:** I have no information on that point.

**Maulvi Muhammad Shafee Daoodi:** Will Government be pleased to see their way to arrange for prompt issue of necessary instructions to all Government Forest Depots, like Dehra Dun and others, to supply, free of cost, or, if it is not possible, at a very low nominal rate, their forest produce direct to the earthquake stricken centres by avoiding middleman's profit and commission charges to the workers at the locality?

**The Honourable Sir George Schuster:** I am quite prepared to inquire into that matter and take it up with the Provincial Government.

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#### STATEMENTS LAID ON THE TABLE.

##### AMENDMENTS MADE IN THE OTTAWA TRADE AGREEMENT RULES, 1932.

**The Honourable Sir Joseph Bhoré (Member for Commerce and Railways):** Sir, I lay on the table a copy of the amendments made in the Ottawa Trade Agreement Rules, 1932.

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#### DEPARTMENT OF COMMERCE.

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#### NOTIFICATION.

##### TARIFFS.

*New Delhi, the 3rd March 1934.*

No. 780-T. (11)/32.—In exercise of the powers conferred by sub-section (3B) of section 3 of the Indian Tariff Act, 1894 (VIII of 1894), the Governor General in



Council is pleased to direct that the following further amendments shall with effect from 1st May 1934 be made in the Ottawa Trade Agreement Rules, 1932, namely:—

1. For rule 4 of the said Rules the following rules shall be substituted namely:—

“4. No article shall be deemed to be the produce or manufacture of any country to which these Rules apply unless the Customs Collector is satisfied—

(1) subject to the provisions of rule 4A that the article has been consigned from such country; and

(2) (a) where the article is unmanufactured, that it has been grown or produced in such country, and

(b) where the article is manufactured—

(i) that it has been wholly manufactured in such country from material produced in such country; or

(ii) that it has been wholly manufactured in such country from unmanufactured materials; or

(iii) that it has been partially manufactured in such country and that the final process of manufacture has been performed in such country, and that the expenditure on material produced and labour performed in such country in the manufacture of the article is not less in the case of an article specified in the Second Schedule than one half and in the case of other articles than one quarter of the factory or works cost of the article in its finished state:

Provided that where the goods were consigned from a British Colony the material produced and labour performed in any other British Colony may be reckoned as though it were material produced or labour performed in the colony from which the goods were consigned.

*Explanation.*—For the purposes of sub-clause (iii) of clause 2 (b) the final process of manufacture shall not be deemed to have been performed in any country in which no process other than a process of mixing, bottling, labelling, packing into retail containers or the like has been performed, but where such process as aforesaid has been performed in the country in which the final process of manufacture has also been performed nothing herein shall render the cost of such process ineligible for inclusion in the computation of the fraction of the factory or works cost of the article in its finished state which represents expenditure on material produced and labour performed in that country.

4A. Articles of a description specified in the first column of the Third Schedule which have been consigned from the United Kingdom but are in other respects eligible under rule 4 to be deemed to be the produce or manufacture of a country specified in the corresponding entry in the second column thereof shall be deemed to be the produce or manufacture of that country notwithstanding the fact that they were not consigned therefrom.”

2. In rule 5 and in sub-rule (1) of rule 6 of the said Rules for the word and figure “Rule 4” the words, figures and letter “rule 4 or rule 4 read with rule 4A as the case may be” shall be substituted.

3. In clause (ii) of rule 5 of the said Rules for the words “Second Schedule” the words “Fourth Schedule” shall be substituted.

4. In the first Schedule to the said Rules—

(a) for entry 18 the following entry shall be substituted, namely:—

“18. Malaya (i.e., the Straits Settlements, the Federated Malay States and the Unfederated Malay States of Johore, Kedah, Kalantan, Perlis and Trengganu).”

(b) entries 19 and 24 shall be omitted;

(c) entries 20 to 23 shall be re-numbered 19 to 22 and entries 25 to 44 shall be re-numbered 23 to 42.

5. After the first Schedule to the said Rules the following Schedules shall be inserted namely :—

“Second Schedule.

[See Rule 4 (b) (iii).]

1. Machinery and component parts thereof meaning machines or parts of machines to be worked by manual or animal labour and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one quarter of one brake-horse-power.

2. Carriages and carts which are not mechanically propelled and cycles (other than motor cycles) imported entire or in sections and parts and accessories thereof; excluding rubber tyres and tubes.

3. Motor cars including taxicabs and articles (other than rubber tyres and tubes) adapted for use exclusively as parts and accessories thereof.

4. Motor omnibuses; chasis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories excluding rubber tyres and tubes.

Third Schedule.

(See rule 4A.)

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6. For the heading “Second Schedule” the heading “Fourth Schedule” shall be substituted.

T. A. STEWART,

*Offg. Secy. to the Government of India.*

No. 780-T.(11)/32.

A copy of the above notification is forwarded to all Local Governments and Administrations and the Political Officers and to all Departments of the Government of India, to the Private Secretary to His Excellency the Viceroy and to the Military Secretary to His Excellency the Viceroy.

A copy is also forwarded to all Collectors of Customs; the Principal Collector of Customs, Colombo; the Collector of Salt Revenue, Bombay, the Accountants General, Madras, Bombay, Bengal and Burma; the Audit Officer, Lloyd Barrage and Canals Construction, Karachi; the Accountant General, Central Revenues, New Delhi; the Chief Customs Officer, Port Okha (Kathiawar); the Director General of Commercial Intelligence and Statistics; the Secretary, Tariff Board; the High Commissioner for India, London; the Indian Trade Commissioner, London; the Director, Federation of British Industries, London, the Indian Government Trade Commissioner, Hamburg, Germany; His Majesty's Trade Commissioner in India; all Chambers of Commerce and Associations; the Canadian Government Trade Commissioner in India; the American Trade Commissioner, Calcutta; the Chief Controller of Stores, Indian Stores Department; and to the Central Board of Revenue.

By order, etc.,

N. R. PILLAI,

*Deputy Secy. to the Government of India.*

**The Honourable Sir Joseph Bhoré:** Sir, I lay on the table the information promised in reply to the supplementary questions of Mr. N. M. Joshi and Mr. S. C. Mitra arising out of starred question No. 59 asked by Mr. Gaya Prasad Singh on the 24th August, 1933.

EMPLOYMENT OF INDIANS ON CERTAIN INTER-EMPIRE ECONOMIC ORGANISATIONS.

\*59. No Indians have hitherto been employed on the staff of the Imperial Economic Committee, the Imperial Shipping Committee or the Executive Council of the Imperial Agricultural Bureaux. The expenses of the first two bodies were until recently a charge on the revenues of the United Kingdom only. Under the present revised arrangements, however, the Imperial Economic Committee at a recent meeting laid down that in making appointments to the staff the Secretary should bear in mind the claims of those belonging to the different parts of the Empire. In accordance with this decision the Secretary of the Committee invited members to recommend to him nationals suitable for employment, and the High Commissioner has put forward an Indian name. It should, however, be remembered that the staff is small and vacancies infrequent. The Imperial Shipping Committee works in close liaison with the Imperial Economic Committee and the present staff of the Executive Council of the Imperial Agricultural Bureaux also is shared with the latter body. It is expected that both these bodies will follow the principles laid down by the Imperial Economic Committee in regard to staff matters.

2. As regards Indians on the executive bodies of the three organisations in question, the position is that Sir B. N. Mitra, High Commissioner for India, represents India on all of them (with Sir Harry Lindsay, Indian Trade Commissioner in London, as his substitute on the Imperial Economic Committee). Sir Padamji P. Ginwala is an additional representative on the Imperial Economic Committee with Mr. H. S. Malik, Deputy Indian Trade Commissioner, London, as his substitute.

**Mr. H. A. F. Metcalfe** (Foreign Secretary): Sir, I lay on the table the information promised in reply to starred question No. 223, asked by Bhai Parma Nand on the 24th February, 1934.

ALLEGED MALADMINISTRATION OF THE AJMER MUNICIPALITY.

\*223. (a) An enquiry Committee has been appointed.

(b) An Executive Officer was appointed in August, 1931, on Rs. 450—25—600 per mensem—a lower scale of pay than that advertised in 1929 viz., Rs. 600—40—800 per mensem. His pay in his previous appointment (that of Secretary to the Meerut Municipal Committee) is not known.

The reply to the latter part of (b) is in the negative.

(c) No. Government is not aware of any such irregularities.

**Mr. G. S. Bajpai** (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to unstarred question No. 123 asked by Khan Bahadur Haji Wajihuddin on the 3rd March, 1934.

DRINKING WATER FOR PILGRIMS AT THE DISINFECTATION STATION.

123. (a) No.

(b) The answer to the first part is in the negative. The second part does not arise.

(c) In view of the answer to parts (a) and (b) no action is called for.

**Mr. G. E. F. Tottenham** (Army Secretary): Sir, I lay on the table:

(i) the information promised in reply to starred question No. 346 asked by Mr. S. C. Mitra on the 6th March, 1934; and

- (ii) the information promised in reply to unstarred question No. 74 asked by Khari Bahadur Haji Wajihuddin on the 19th February, 1934.

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**SUPERSESSION OF INDIAN CLERKS IN THE ARMY HEADQUARTERS.**

\*346. Three Indian clerks have been superseded by soldier or *ex*-soldier clerks during the last five years; but I may add that during the same period 2 soldier or *ex*-soldier clerks have been superseded by Indians, while 5 soldier or *ex*-soldier clerks have been superseded by others of the same category and 32 Indian clerks have been superseded by other Indians.

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**ALLEGED DEFIANCE BY THE EXECUTIVE OFFICER OF THE DECISIONS MADE BY THE AMBALA CANTONMENT BOARD.**

74. (a) The answer is in the negative.

(b) The position is correctly stated. Government understand that the Ambala Cantonment Board issued orders for the tarring of many roads but did not provide funds sufficient for the whole work. The Executive Officer, finding that the Budget would be exceeded, stopped the work on certain roads until the next financial year when presumably funds would be available to complete the work.

It is the duty of the Executive Officer to see that the provisions of the Cantonment Accounts Code, 1924, are fully complied with.

(c) Government understand that the Executive Officer issued an interim order directing that plans and building applications should not be sent to the Ward members pending a reference to the Board, as one of the members deliberately withheld plans and building applications from the Building Committee. When the Board subsequently decided to continue the practice of sending plans to members he cancelled the order referred to.

(d) No. The Board considered that the Executive Officer's action was correct and passed a vote of censure on the Member concerned.

(e) Does not arise.

—————

**Mr. P. R. Rau** (Financial Commissioner, Railways): Sir, I lay on the table:

- (i) the information promised in reply to starred question No. 1280 asked by Mr. Gaya Prasad Singh on the 5th December, 1933, and to the supplementary questions arising out of that question;
- (ii) the information promised in reply to starred question No. 1318 asked by Sardar Sant Singh on the 11th December, 1933;
- (iii) the information promised in reply to starred question No. 325 asked by Sir Muhammad Yakub on the 2nd March, 1934;
- (iv) the information promised in reply to parts (b), (c) and (e) of starred question No. 982 asked by Mr. B. Das on the 28th March, 1933; and
- (v) the information promised in reply to starred question No. 981 asked by Mr. B. Das on the 28th March, 1933.

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**ALLEGATIONS AGAINST THE CONTRACTOR OF LICENSED COOLIES AT THE LAHORE RAILWAY STATION.**

\*1280. (a) As regards the first part of the question, Government have ascertained that certain allegations were made to the effect that the licensed coolie contractor at Lahore Station was levying a higher charge from his coolies than that provided for in his license. The allegations, however, proved on investigation to be unfounded. The reply to the second part is in the affirmative. The Agent, North Western Railway

declined to admit the question for discussion by the Local Advisory Committee on the ground that the arrangements which the Administration may make for the provision of porters is not a matter which falls within the scope of that Committee except in respect of proper service to the public at the charges authorised by the Administration.

(b) The Railway Administration report that they received a representation on the subject from a member of the Local Advisory Committee, but declined to intervene in the matter which affects the relations between the licensed contractor and his employees.

*Supplementary Questions.*—A complaint book is maintained at Lahore station for the purpose of recording complaints against coolies. At a meeting of the Local Advisory Committee held at Lahore on the 8th August, 1933, a member alleged that certain railway servants were discouraging the making of entries in the book, and that in one case a senior station official had been called to investigate the complaint to avoid an entry being made in the book. The Chairman (Agent, North Western Railway) explained however that he felt that such an immediate investigation was preferable for all parties and it was the difficulty of securing such immediate attention that had led to the institution of a complaint book.

The relationship between the coolie contractor and the Railway Administration is that the former holds a license from the latter to procure coolies for carrying passengers' luggage to and from trains. He receives no remuneration from the Railway but, under the terms of his license, is entitled to levy a charge of Rs. 2 per head per mensem from the coolies whom he employs.

The reply to part (a) of the principal question (No. 1280) shows that the subject was disallowed for discussion by the Local Advisory Committee, and explains the grounds for such disallowance.

A representation purporting to emanate from 34 coolies at Lahore Station, and containing allegations to the effect that the contractor was levying a higher charge from each coolie than that authorised by the terms of his license, was received by the Agent, North Western Railway from a member of the Local Advisory Committee, Lahore.

#### ALLEGATIONS AGAINST THE CONTRACTOR OF LICENSED COOLIES AT THE LAHORE RAILWAY STATION.

\*1318. (a) Licenses for procuring porters for carrying passengers' luggage to and from trains on the North Western Railway are executed on Form A.C.-25.

(b) Yes.

(c) A representation purporting to emanate from 34 coolies at Lahore Station and containing allegations to this effect was received by the Agent, North Western Railway from a member of the Local Advisory Committee, Lahore.

(d) The Railway Administration report that no such letter was received by them from the Sikh Rights Protection Society. The questions submitted for inclusion in the agenda for the meeting of the Local Advisory Committee read as follows:—

"1. Is it a fact that there is a Smoking Fund organised for coolies at Lahore and 0-2-0 per head per day is charged from all coolies including ikhs? Please state under what rules this fund was organized and who administers this Fund?

"2. Is it not a fact that smoking is strictly prohibited amongst the Sikhs? Please state why 0-2-0 per head per day is charged from Sikh coolies?

"3. Please state the number of Sikh, Hindu and Muslim coolies employed in the months of April, May, June and July, 1933, at Lahore Railway Station.

"4. Is it not a fact that three or four Sikh coolies employed at the Lahore Station were turned out in July, 1933? Please state reason why they left?"

(e) Yes, and the Agent declined to admit the items for discussion by the Local Advisory Committees on the ground that the arrangements which the administration may make for the provision of porters is not a matter which falls within the scope of that Committee except in respect of proper service to the public at the charges authorised by the Administration. A levy of Rs. 11 instead of Rs. 2 per head would contravene the provisions of the license: the Agent, however, had evidence to show that the allegations were unfounded and that no further enquiry was called for.

(f) The Railway Administration report that they are not aware of the number of porters who are members of the Union, nor of the number who may have been deprived of their badges by the licensed jemadar. The porters are not railway servants, but employees of the jemadar.

(g) Government understand that the Punjab Government received a request from the Railway Porters' Union for the appointment of a Court of Enquiry under the Trade Disputes Act of 1929, but are not aware of what action the Local Government have taken in the matter, nor have they any information about the alleged destitute condition of the coolies said to have been deprived of their badges.

(h) Government are unable to state the reasons, as the decision in the matter rests entirely with the Local Government.

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

\*325. (a) and (b). The policy of the East Indian Railway Administration which is the same for both European and Indian schools, is to provide quarters for all members of the staffs of railway schools whose duties are not confined to school hours, so that it is necessary for them to live on the school premises. In the case of those members who have no duties out of school hours, the policy is to provide quarters where possible, but unfortunately this cannot be done in all cases owing to the inadequacy of funds. Due regard is, however, paid in such cases to the availability of non-railway houses in the vicinity of the school.

There are four sets of quarters for the teaching staff of the Moghalsarai Indian School, and at Tundla quarters are provided for the Head Master and for the Assistant-in-Charge of the hostel of the Anglo-Vernacular School.

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**NATURE OF WORK ADVISED UPON BY MESSRS. MERZ AND PARTNERS AS CONSULTING ENGINEERS TO THE RAILWAYS OF INDIA.**

\*332. (b) The amounts paid by the Great Indian Peninsula and Bombay, Baroda and Central India Railways, in connection with their electrification schemes, were as follows :

	Rs.
For the year 1929-30 . . . . .	6,78,418
1930-31 . . . . .	4,34,314
1931-32 . . . . .	1,05,854

(c) The amount paid by the Bombay, Baroda and Central India and Great Indian Peninsula Railways for the year 1932-33, was Rs. 44,063.

(e) The firm did not handle any new schemes during the year 1932-33, but merely handled the settlement of a few outstanding items in connection with the old schemes.

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**CONSULTING FEES PAID TO MESSRS. MERZ AND PARTNERS, LIMITED, ON RAILWAY ELECTRIFICATION SCHEMES.**

\*331. (a) The amount paid up to the end of March, 1933, in connection with the Great Indian Peninsula and Bombay, Baroda and Central India Railways electrification schemes, is approximately Rs. 47,00,000.

(b) The statement asked for is given below. It should, however, be read in the light of the following remarks :

- (1) In the case of the Bombay, Baroda and Central India Railway works the original estimates were not prepared by Messrs. Merz and Partners, but by the Railway Administration.

- (2) In the case of the Great Indian Peninsula Railway works, rough abstract estimates were prepared by the firm in two cases only, viz., Suburban and Main Line Electrifications. The abstract estimates were prepared on information supplied by the Railway Administration, who subsequently prepared revised estimates in greater detail, which included a large number of additional items subsequently found necessary.

Name of work.	Original estimate.	Total expenditure.	Amount of fees paid to Messrs. Merz & Partners.
	Rs.	Rs.	Rs.
Electrification of local lines between Churchgate and Berivli, B., B. & C. I. Railway.	2,02,71,399	1,98,16,747	7,04,434
Electrification of through lines Grant Road and Mahim, B., B. & C. I. Railway.	4,56,119	4,02,679	15,867
Temporary electrification between Churchgate and Colaba, B., B. & C. I. Railway.	2,46,995	1,99,528	5,696
Electrification of Mahim Bandra Section, B., B. & C. I. Railway.	2,21,854	2,33,065	7,962
G. I. P. Railway Suburban Electrification Scheme.	2,05,42,910*	2,62,26,261	} 39,66,000
Victoria Terminus Remodelling	88,80,533	94,78,404	
Main Line Electrification, G. I. P. Railway, including Chola Power House.	6,50,24,490*	6,43,32,809	

\*Original estimates prepared by the Consulting Engineers.

### THE INDIAN FINANCE BILL.

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury): The House will now resume consideration of the following motion moved by the Honourable Sir George Schuster on the 16th March, 1934:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, be taken into consideration."

**Mr. E. S. Millar** (Burma: European): Sir, I take this opportunity of this general discussion on the Finance Bill to put before the Honourable the Finance Member my claim for Burma. In drawing up his Budget, it would appear that the Honourable the Finance Member has forgotten that Burma is a part of India. It may have been, of course, that his mind has been influenced by the fact that the White Paper omitted any reference to Burma and the rice export duty. The fact that Burma was not taken into consideration in the White Paper can be no ground for discrimination so long as Burma remains part of India. Burma is predominantly an agricultural country with 70 per cent. of her population

agriculturists and the greater part of the remainder really indirectly deriving their livelihood from agriculture. Not only is Burma predominantly an agricultural country, but practically the whole of the delta and a large part of the remaining arable land grows only one crop, and that is paddy. Efforts have been made for many years to find other crops which will grow in Burma's condition of soil and climate, but there has been no success.

Rice is vital to the life of Burma. It must be well known that, for a number of years past, Burma has increased her cultivation which has benefited India by helping to maintain the balance of trade. This extension of cultivation has inevitably led to a corresponding increase of population which must continue to find support. Probably few people appreciate what the Government of Burma and the people of Burma have done for themselves in attempting to balance their Budget. The economic conditions, caused by the fall of prices, were the soil in which the seed of the recent rebellion germinated and developed on such a large scale. A large amount of money had to be spent in quelling this rebellion. At the same time, income had to be reduced on remitting land revenue and further remitting the capitation tax and Thathameda tax in order to lighten the burden on the cultivator, whose return on his produce had fallen to such an extraordinary low level.

In Burma, as in Bengal, the total market value of the crops has fallen by roughly 54 per cent. The remission of land revenue and capitation tax is the equivalent of 20 per cent. and represented a drain of 117 lakhs on Burma's revenue. This figure is of great significance when one realises that the deficit in Burma's Budget for 1933-34 is 118 lakhs. The remission I have described amounts to one-eighth of the total revenue, and even this does not take into account the remission in other directions which amounted to quite a considerable sum.

I recently listened to the Honourable Members from Bombay pointing out the heavy taxation of their Province and fully sympathise with their misfortunes. But, Sir, you will find on reference to the Simon Commission Report that in 1928-29 the taxation in Burma exceeded that of the Bombay Province which, apart from Burma, was the highest in India. The position today is that the incidence of taxation in Burma is exactly equal to that in Bombay, and taxation in these two Provinces is much higher than in any other Province in India. I am now going to quote you figures in substantiation of my statement, and I shall begin by mentioning my authority. It is Table No. 8 on page 48 of the Finance and Revenue Account of the Government of India for the year 1932-33. I am taking into consideration heads A and C of revenue shown therein. These heads include the principal items of revenue, also receipts on account of Irrigation, and the sum of these two heads is generally recognised as measuring the relative burden of taxation. The average taxation per head in the Principal Provinces is as follows:

Burma	5.2
Bombay	5.2
Punjab	3.7
Madras	3.1
United Provinces	2.2
Bengal	1.6
Bihar and Orissa	1.2



[Mr. E. S. Millar.]

While, the overhead from all Provinces together is 2.7. It will be seen that the incidence of taxation in Bengal and Bihar and Orissa are, respectively, only about 30 per cent. and 23 per cent. of Burma's incidence of taxation, which, again, like that of Bombay, is roughly double that for all the Provinces together. It might be argued that higher tax collections represent extravagance in expenditure, but I am sure that careful examination would clear Burma of any charge of extravagance and in fact show the very reverse.

Now, let us look at the debt of the two Provinces. In the last four years, Bengal has incurred a debt of seven crores and Burma just over five crores. Expressing these amounts per head of population, the debt of Burma has grown  $2\frac{1}{4}$  times as fast as Bengal.

If we turn to the deficit of the two Provinces per head of population, we find that it is ten annas per head in Burma against six annas per head in Bengal. These figures clearly show that Burma has no better prospects of managing her deficit and debt without assistance than Bengal has. I admit that the picture painted in the Howard-Nixon report was very different, but the circumstances have entirely changed since that report was written. Burma is now in worse straits than any other Province, and this is no more temporary than that of Bengal.

The Government of India seem to have been misled with regard to Burma's position, by the statistics given by the Honourable the Finance Member in his Budget speech with regard to exports of rice to the United Kingdom; but the great increase shown by those Statistics for the last two years is an illusion due to the inclusion in those figures of exports to other countries. The footnote about exports of rice on page 45 of the Honourable the Finance Member's Budget speech bears not the slightest resemblance to the truth. The average annual exports for the three financial years, 1929-30 to 1931-32, were under 50 thousand tons, while the statistics which he purported to give for 1933 cannot possibly be available to him yet. In an attempt to stem the growth of deficits and debt, Burma has already imposed on herself the tax on matches which the Honourable the Finance Member now proposes to apply to the whole of India. Burma stands on the same footing as all the other Provinces in paying all the import duties. She clearly recognises that every Province must fall in with the general plan devised for the good of India as a whole. This is precisely my point. Just as Burma shares equally in the burden of import duties, she should be treated equally in the refund of export duties. Burma is asked to share in providing the money which is to be used to make the refund of the jute duty to Bengal possible. The eighteen lakhs which have been promised by the Honourable the Finance Member to Burma out of the collections in consideration of the loss of provincial tax already existing is derived from a duty of twelve annas per gross boxes of matches. Burma is now going to be asked to pay 54 lakhs on account of the match duty, of which 36 lakhs are to go solely to the benefit of Bengal.

**Mr. A. H. Ghurnavi** (Dacca *cum* Mymensingh: Muhammadan Rural):  
No.

**Mr. E. S. Millar**: Yes. The Honourable the Finance Member's speech will show that.

This conditional 86 lakhs is approximately equal to half of the present proceeds of the rice export duty. Thus, the Honourable the Finance Member, instead of applying equally the principle advocated by the White Paper and illustrated by the Bengal jute duty, is in fact asking Burma to pay the amount equal to an enhancement of 50 per cent. to the present rice duty or a total of, say, roughly 111 lakhs, this when she has a deficit Budget, although already taxing herself on the highest scale in India in an attempt to balance her Budget. This great enhancement of taxation is thrust upon Burma precisely when the price of rice is already too low to afford anything approaching a reasonable standard of living for her people.

Burma is in no way jealous of what Bengal has received from the hands of the Honourable the Finance Member; on the other hand she approves of his wide outlook of the overhead position. Burma is not coming forward with a beggar's bowl, but is coming forward with a sound case and only asks that she should be given the same treatment as he is giving to Bengal.

The circumstances are exactly parallel, and it is impossible to justify differential treatment in favour of Bengal's jute duty as against Burma's rice duty.

It is perhaps not realised that when the present rate of duty on rice was fixed at 2½ annas, the price of paddy was then in the region of Rs. 150 to Rs. 160, which is three times the value of paddy today. That duty was not fixed on value, but on tonnage. This means that the cultivator is paying three times as large a percentage of his income as was fixed on him in 1929.

The fact that Bengal has the monopoly in jute is in her favour. We may fairly suppose that the price of jute, like all other monopoly products, has been adjusted through experience at the level which gives the biggest profit. Any attempt to raise the price of jute, to cover the export duty, would have caused diminution of sales, but in so far as jute is superior to all its competitors and the demand of jute is inelastic, some proportion of the export duty must have been borne by the consumers, so that the export duty of jute would press a little less heavily on the cultivator than export duties on rice. The price of rice being fixed by international conditions, the whole of the rice export duty must be borne by the cultivator.

Burma is an agricultural country and not a manufacturing country and has to buy her needs from outside, a large part of which is bought from India and supports trade over here, and what she buys elsewhere reflects in the customs collection.

Sir, as soon as the news of the Budget proposal reached Burma, an adjournment motion was moved in the Burma Legislative Council protesting against the failure to give Burma equal treatment with Bengal by refunding to exporting Provinces at least half the rice export duty paid by them. This motion was supported by every party and passed unanimously and with acclamation. The Government of Burma alone stood out of the debate, but explained that they had to do this because of the etiquette which must be observed by subordinate Governments. They undertook, however, to give the motion the strongest possible support in forwarding the record of the debate to the Government of India. The record shows that the motion was not supported only by Burmans.

[Mr. E. S. Millar.]

Amongst its strongest advocates was the Burma Indian Chamber of Commerce which includes all the important Indian trading and Indian banking interests in Burma. This Chamber has offered the strongest possible protest against the treatment meted out to Burma by the Government of India in this matter. Burma's demand for a half share of the rice export duty, Sir, is not a demand by her Government alone, nor by a few politicians or commercial bodies; it is a demand by the whole country which has sunk all differences to unite in this matter. The Honourable the Finance Member's failure to give Burma equal treatment with Bengal has roused the whole country, Sir, to burning indignation. Unless immediate redress is given, all Burma will regard this as conclusive proof that Burma is the milch cow of India and will be convinced that India's attitude to Burma is simply this "it is your money we want". In conclusion, when Burma's case was set out in another place, the Honourable the Finance Member gave no reply—the case was unanswered—it was unanswerable. I trust that the Honourable the Finance Member will immediately take steps to rectify in his present Budget the unfairness of his present proposal, by giving Burma half the export duty on her rice in the same way as he has treated Bengal as regards jute export duty, or clearly put before this House his reason for the unfair and unequal treatment accorded to Burma in his Budget. (Applause.)

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I usually do not dabble in finances, but the annual Budget and the Finance Bill are the two most important subjects which this Assembly has to discuss and which have a far-reaching effect on the progress of the country. Therefore, in a very few words, I will draw the attention of Government to certain points which relate particularly to my Province, the United Provinces.

The United Provinces, as you know, is one of the largest sugar manufacturing and sugar growing Provinces in India. The plight of the agriculturist in the United Provinces for the last five or six years has been very miserable. The tenants and landholders have exhausted nearly all their resources. The export of gold from the United Provinces has been immense. The gold was not sold for the sake of pleasure, but many wives and daughters had to part with their gold, with trembling hands, and their eyes full of tears, in order to save the honour of their fathers and husbands from being sent to the lock-up in order to pay the Government revenue. At present the tenant in the United Provinces mostly depends on the sale of sugar-cane juice in order to pay the rent. For the last two years, on account of the revival of the sugar industry in this country, hopes were created in the minds of both the tenant and the landholder. The tenant thinks that now he will, probably, be able to pay the dues of the landholder and the landholders will be able to pay the Government revenue in their turn. But the imposition of the excise duty on sugar seems to frustrate the industry in its very infancy. The imposition of this tax has been widely protested against in the United Provinces. The United Provinces Council, without a division, passed a motion for adjournment on the levy of this tax. Therefore, I would strongly urge upon Government the necessity of revising their opinion and withdrawing the excise duty on sugar. I fully realise the responsibility of the Honourable Member for finding money, and if all the taxes are withdrawn, it would, naturally, be difficult for any Finance Member to find money for his expenditure.

But I would suggest that, instead of levying an excise duty on sugar, if the Finance Member put an increased duty of four annas a maund on salt, it would probably bring more income to Government.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muhamadan): Not on salt.

**Sir Muhammad Yakub:** Yes, certainly on salt.

**An Honourable Member:** On gold.

**Sir Muhammad Yakub:** I will deal with that. The poor man's salt is every year discussed in this House and it is said that a small duty on salt brings misery to the poor man. But I contend, Sir, that that is not a fact. By raising the duty on salt by four annas Government would probably realise more money than they would realise from an excise duty on sugar, and, at the same time, this small duty of four annas per maund will in no way affect the consumer of salt and the poor man will not at all be affected by it, nor will any trade in the country suffer.

This leads me to another source to which Government might resort for raising the income, and that is the export of gold. On account of the export of gold, India is being bled white, and gold has been exported to such an alarming extent that the people of India are feeling very much restless on account of it. It is high time that Government should do something to regain the confidence of the people by taking steps to stop this wholesale exodus of gold from the country. If an export duty on gold is levied, it would serve two purposes, on the one hand it will stop the export of gold from the country, and, on the other hand, it will bring some money to the Finance Member in order to meet the Budget expenditure.

**The Honourable Sir George Schuster** (Finance Member): Not if it stops the export of gold; it cannot do both.

**Sir Muhammad Yakub:** If an export duty is levied on gold, I think it would decrease the export of gold from the country, if not stop it altogether. Of course very little gold is left in India now, and, after two or three years, the Honourable the Finance Member will find that there will be no export of gold, because there will be no gold left in the country.

**Seth Haji Abdoola Haroon** (Sind: Muhammadan Rural): Besides that, the gold sellers are making more profit in these days. From Rs. 21 a tola they are now selling at Rs. 34 a tola.

**Sir Muhammad Yakub:** Next I welcome the abolition of the hide duty. The United Provinces is, again, one of the Provinces where we have the export of hide to a large extent, and, for the last six or seven years, there has been so much slump in the hide trade in the United Provinces that many prosperous hide merchants have been reduced to bankruptcy. I hope this abolition of the hide duty will, to a certain extent, improve the hide trade in the United Provinces, and it may be that, if the hide trade is improved, Government will be able to get more money from the hide merchants by way of income-tax. I understand there are some selfish hide merchants in Southern India who have got their tanneries and they are opposing the abolition of this duty. This is pure selfishness, an analysis will show that a very small amount of the hide in India can be tanned in Madras. They cannot consume the whole production of hide in the

[Sir Muhammad Yakub.]

country and, for the sake of a small gain to their trade, they want to paralyse the whole hide trade in India. I hope Government will not lend their ears to the cry of the Madras tannery merchants.

Lastly, Sir, I shall deal with the system of assessing income-tax. I submit that the system of assessing income-tax, in spite of the efforts on the part of the Government has not been set aright. We find that many a poor man, whose income is hardly liable to pay income-tax, is assessed by the income-tax officers, while a very large number of money-lenders, hiding in the interior villages, go scot free and escape. If Government will take a little more care and if a little more vigilance is exercised in making proper arrangements for assessing the income-tax, I think that Government will be able to realise a very large amount of income-tax—larger than is being realised today.

Although the British Government has now been ruling in India for over 100 years, I think they are still quite ignorant of the sentiments of the people of this country. I have recently heard that even the dancing girls in Delhi are assessed to income-tax. This gives a very good opportunity to the Income-tax Officer to pay official visits to the houses of disrepute; but I would ask the Government to believe that it is considered a very shameful thing in the eyes of the people of India. They think that Government have become quite disreputable that even the dancing girls are being assessed to income-tax. Probably we will find that the Income-tax Officer will tomorrow be assessing even professional beggars. I think there is a very large number of professional beggars in Delhi whose income is even more than the income of these poor Government servants who are assessed to income-tax these days . . . .

**Mr. B. V. Jadhav** (Bombay Central Division: Non-Muhammadan Rural): May I inform my Honourable friend that professional beggars in Nasik and Pandharpur are taxed?

**Sir Muhammad Yakub:** That is very good. I think that is better than taxing dancing girls. So I hope that Government will see that the assessment of income-tax is done in a proper manner and that thousands and thousands of small money-lenders whose income is hardly taxed do not escape scot free, while innocent people suffer.

These are the few salient points relating to the Finance Bill to which I wish to draw the attention of the Honourable the Finance Member, and I hope that these points will receive his due attention.

**Mr. B. V. Jadhav:** Sir, I rise to support the motion moved by the Honourable the Finance Member that this Bill be taken into consideration. I support it, because, as is well known, I am a co-operator with Government (Hear, hear); and if the Finance Bill is opposed, the Government of His Majesty the King might be impeded. I belong to a Party in this House as well as outside which has always been co-operating with Government and in the Bombay Presidency I belong to a party which goes under the name of the Non-Brahmin Party and in Madras it is called the Justice Party, and both these parties are run on the same principle and have been co-operating consistently with Government. I am always keeping the principles of that Party before me whenever I get up on my legs in this House.

It is the policy of my Party to co-operate with Government; but at the same time we are ready to co-operate with other Parties and other Groups in the House when we find that the best interests of the country are served thereby.

My Honourable friend, Mr. Millar, has brought forward here the case of Burma, and claimed more generous treatment and help from Government to the Province of Burma. I am in general agreement with him, and I think he has made out a case for Burma pretty strongly. For the same reasons I shall say a few words about the claims of Bombay. The Presidency of Bombay, as is well known and as the Honourable Mr. Millar has just shown, is as heavily taxed as the Province of Burma. Bombay has tried her best to keep her head above water and the local taxation there has reached a very high level. The Bombay finances are in a very bad way, and Bombay deserves to be considered by the Central Government. I need not take more time of the House on this question, because it is likely to be dealt with by other Members from Bombay.

I have also to express my gratitude for what has fallen from the Honourable the Finance Member this morning in reply to a short notice question of my Honourable friend from Bihar. We do realise that Government have been doing their best to help the unfortunate Province for the miseries inflicted upon her by the earthquake. The Government of India's policy, I shall say, is a very generous one. They have come forward to give free grants in such cases as do deserve free grants and to give a very big loan without making any profit, namely, at the same rate of interest at which they themselves will borrow. I also find that the Government of Bihar are making two kinds of loans at two different rates of interest, and although to an outsider it may appear and to me at first it did appear that the higher rate charged to more well-to-do persons was not justified according to the usual practice of money-lenders, still I find there is very good reason for the Government of Bihar to make that distinction. Those who are in better circumstances ought to pay more. Income-tax is assessed on that principle. So the better off have to pay a higher rate of interest and those, in whose case the bad debts will rise to a very high pitch, are charged nominal rate of interest, say, 4½ per cent. I have nothing to say against that, as I support the policy of the Government of Bihar.

My Honourable friend, Sir Muhammad Yakub, has recommended to the Finance Member an export duty on gold. Such a duty might be levied for one of two reasons,—either to stop the export of gold or to derive some revenue from the tax. If the former is the object, then the duty must be a high one and the expectation of the realisation of that duty will be smaller, because, then the export of gold will be almost stopped. But then I do not think a tax on the export of gold will give any appreciable relief to the coffers of the Government of India. The time for levying a duty on the export of gold in order to prevent its export is long past. If we take measures now in that direction, it will be tantamount to closing the stable door when the horse has already bolted.

Now, with regard to the increase in salt tax, I am sorry to say, I cannot support the gallant Knight. Sir, salt is a very necessary article of diet and it should not be taxed, because it will make the poor man's food more expensive. The levy of a small duty of four annas, as suggested by the Honourable Knight, will bring about a very big change in the retail price of salt in the market, and, therefore, it will be very badly felt by the people.

12 Noon.

[Mr. B. V. Jadhav.]

Sir, the Budget, as is usual now, is based upon tariffs. The Honourable the Finance Member from one year to another has been making changes in the tariffs, and the tariff wall is being constantly raised year by year.

There was a time when England was wedded to the doctrine of free trade. Before that, the Honourable the East India Company, who came out to this country with the sole object of exploitation, tried to keep the entire trade in their own hands. Later on, as I said, the free trade policy was accepted by the Government and was enforced upon this country. The economists of India were mostly in favour of protection, and they cried themselves hoarse to induce Government to give protection to indigenous industries. But the Government of India stood very strongly by the free trade doctrine and Indian industries were denied protection. The result was that one industry after another went to rack and ruin, and India became a country, as was intended by Britain, of supplier of raw products and a consumer of finished goods of Britain. The fad of free trade was carried to such an extent that, when it became necessary for the Government of India for revenue purposes to levy an import duty on manufactured cloth, they imposed a counterveiling duty, an excise duty on cloth manufactured in India, merely for the sake of preserving the free trade principle. At that time England was pre-eminently occupied in manufacturing goods for the needs of others, but other countries like Germany and America did not lag behind. They threw away the doctrine of free trade; they raised protective tariffs and encouraged their home industries, so much so that in a few years they were able to compete with England in foreign markets as well as in the Indian markets. England slowly began to awake to the necessity of levying tariffs herself. Her faith in free trade was shaken, and ultimately England has now become a protectionist country. Side by side with this change of policy in England, her policy in her dependency, India, was changing, and for the present India is free from the free trade principle and is a full protectionist country. My Honourable friend, the Finance Member, is a very shrewd administrator. He has seen through the weakness of this side of the House. He knows that we are all in favour of protection of our industries, and, therefore, he has been trading upon our weakness and raising tariff walls for the protection of one industry or another, and the whole of his fiscal policy is now based on tariffs. I may raise a protest here that in certain cases the tariff wall is now being raised too high, and when the Finance Member finds that the tariff wall is raised high enough, he does not want to pull down a few layers of that wall, but he proposes to raise the ground floor by adding something in the shape of excise duties. In this way he may be keeping an even balance in favour of one industry or another against foreign invasion, but at the same time he sacrifices the interests of the consumer and raises for the consumer the price of the commodities consumed to a very large extent.

Now, Sir, India has definitely given up the free trade principle and has adopted the fiscal policy of protection. It is now the duty of the Government of India to help, in all possible ways, the industries of this country. For that purpose, Sir, I emphasise the necessity of revising our legislation. The Indian laws were based upon the principle of free trade. That principle has now been abandoned, and therefore, it is the duty of Government to revise the laws according to the principles of the new theory of taxation that has been adopted. I shall just refer to a

few of our laws. Take the Navigation laws. The ports of India were thrown open to all the nations. The Government of India and the Government of England did not care to give any encouragement to Indian navigation to see that the Indian Mercantile Marine was encouraged. The policy then was a free trade policy, and India gave free access to all. Now, that policy has been given up, and a policy of protection has been adopted. I ask, is not the present time opportune for changing our shipping laws? The laws should be so altered as to give encouragement to the establishment of an Indian Mercantile Marine. During the discussion of the Tariff Bill, the urgent necessity of Indian ships was brought forward in the comments of my Honourable friends. We have seen that, although Japan has agreed to purchase a certain number of bales of Indian cotton, Japan is still trying to keep the whole import trade of cotton in her country in the hands of her own nationals. Japan is not willing to allow the merchants of India themselves to trade with Japan in Indian cotton. Japan is able to prevent Indian merchants sending their bales of cotton to Japan, because India has no mercantile marine and because India has to make use of foreign ships. Some of the British companies, Sir, I am told, are in league with the Japanese companies, they themselves form a ring and lay down freights and other conditions, and in this way the Indian merchant is hampered. It is the duty of the Government of India to see that the restrictions on the trade of India are removed as early as possible; and unless and until India possesses her own Mercantile Marine, this cannot be accomplished. I, therefore, say with all the emphasis at my command that the navigation laws of India ought to be changed, encouragement ought to be given to Indian companies to start, and for that purpose the coastal traffic of India ought to be reserved to the nationals of this country. I again urge upon the Government to give their serious consideration when the Bill I have the honour to table in this House is taken up for consideration. It is the duty of the Government to support that Bill, and in this way give strong encouragement to the Mercantile Marine of this country. Sir, we have been reading during a week or ten days, that the Government of England have decided to encourage the merger of the Cunard and White Star lines. The sole object is that Britain's supremacy on the sea should be preserved. England desires to have the control of the traffic, especially the passenger traffic, on the Atlantic in her own hands and is prepared to advance a very big amount. In the same way, it is the duty of the Government of India even by granting subsidies and big loans to encourage the establishment and financing of an Indian Mercantile Marine. England has been showing the way and India ought to follow.

I shall now speak about another industry, the insurance industry. India formerly had no insurance companies in the modern sense of the term. But insurance is not entirely new to this country. I have heard that in the small State of Cutch the rudiments of marine insurance have been in operation for some centuries at least. There, when a ship is about to sail with a cargo, a broker goes from house to house and the owners and ladies of almost every house underwrite or accept risk for Rs. 100, Rs. 200 or Rs. 500 according to their means. In this way ships, laden with merchandise which sailed from the ports of Bhuj and Anjar were insured with local people, and the system has been going on for centuries. In Europe, I think, marine insurance first began on the same lines. It has now been greatly developed, and there is now insurance and re-insurance, and so on. Following in the footsteps of England, India began to establish



[Mr. B. V. Jadhav.]

insurance companies of her own. Till then, there were no laws, and even now, although there are two Insurance Acts on the Statute-book, they are almost useless for any efficient protection. In this book, entitled "International Insurance Intelligence", insurance laws of almost every country are given in an abridged form. But when we turn to the pages which give information about the insurance companies of India, we do not find any mention of our laws for the present legislation is on a permissive line and is not of much use to control the insurance business of this country. The reason is plain. Indian Government passed the laws when they were following free trade policy; and, therefore, the whole country was left open as a free field to the companies of other nations to come in and establish their branches. In fact, India was allowed to be exploited. Latterly, Indian companies began to be started and, for their guidance and control, an Act was passed. But this law imposes restrictions on Indian companies only and leaves foreign companies to exploit the country without any restrictions at all. Government have been treating her children much worse than they treated those of other countries. I may state here that when a foreign company starts insurance business in England, it has to make a deposit of £20,000 with the Government of Great Britain, and the same amount is deposited by her own nationals when a company is started by them. There is no discrimination, and no one has any complaint to make. When an Indian company wants to start business there, it has to make the same deposit. But what is the law in India? If an English company wants to start business here, the door is wide open. No deposit has to be paid, no restrictions whatever are imposed, while an Indian company, when commencing business, is called upon to make a deposit. If an Indian company goes to Canada, or to Australia, or to any other dominion or colony within the Empire, it has to work under many difficulties. I need not give in detail those difficulties, but I urge that it is necessary that the insurance laws of our country ought to be overhauled and brought up to date. The policy of British India is not free trade now, but it is protection, and, therefore, something ought to be done for fostering the indigenous industry of insurance and encouraging Indian companies. There are various ways of doing it. The rejuvenated country of Turkey has laid down a very good example. The Turkish Government have passed a law in which it is provided that any company accepting risk over a certain amount must re-insure the excess risk to the extent at least of 50 per cent with the company started by the national Government. In this way, at least 50 per cent of the policy money is kept in the country and thus insurance is coming gradually into the hands of national companies. I do not ask the Government of India to pass such a law all at once. All I claim is that the Indian companies ought not to be penalised here, and companies coming into India to do insurance business ought to be treated exactly in the same way in which the nationals of India are treated in their respective countries. On inquiry, I learn that the Consul of America refused to countersign a policy of marine insurance unless it was written by an American insurance company. In this way, foreign nations are forcing Indian merchants not to give their business to Indian companies, but to take policies of companies of their own nation. The same is the policy of Japan. Every nation is taking care to protect her own interests by fostering her industries, but the Government of India are standing quiet without doing anything in the matter.

The Insurance Branch of the Commerce Department of the Government of India is very much undermanned. An Actuary is employed, no doubt, but the establishment under him is very very meagre. He is not in a position to see whether Indian companies carry on their business efficiently. Insurance is a very important industry. It is a nation building business and Government ought to take more interest in it as insurance directly fills the Treasury. Prosperous insurance companies pay heavy income-tax. At the same time, insurance companies are the best subscribers of Government loans. Whether a loan is floated in India or in England, the insurance companies of India are very much interested in tendering for it, and in this way the prosperity of Indian companies is conducive to the success of Indian loans. Owing to the large demand from insurance companies, Government loans are quoted at a high rate. It is, therefore, to the interest of the Government of India to see that Indian insurance companies prosper.

I may point out that German and Italian companies are now invading the insurance market of India. They have formed strong combines and have put aside huge sums of money, something like one million marks or one million lires to be spent in establishing themselves in this country. They offer very exorbitant, and, therefore, unremunerative discounts to commission agents, and, in this way, try to capture the market. Even when they do not succeed in capturing the market, they raise the commission rate, and, therefore, the Indian companies, on account of this very unhealthy competition, have to do the same, and are suffering heavy losses. It is the duty of Government to come to the rescue of Indian companies. These foreign companies must be obliged to keep large amounts of money as deposit with Government before they are allowed to start business. I need not take more time of the House on this question.

What I am going to impress upon the House is the changed policy of the Government of India. I approve of the change in this policy. Free trade policy has been definitely given up and protection policy has been adopted. Government ought to be consistent. All the legislation that was passed in the free trade days ought to be overhauled and brought up to date. I earnestly ask the Honourable the Finance Member to make a provision of only a few thousand rupees for the overhauling of legislation. The Company Law of India is much lagging behind. Much has been said during the last three or four days about the agency system when cotton tariff was under discussion in this House. The Company Law ought to be revised and improved and some wholesome restraint should be placed upon the activities of mill agents. Although I am not a lover of the mill agent or the agency system of Bombay in general, I must say that it is a helpful system. Their management is efficient. Finance is guaranteed, and, in this way, the business of the Bombay mills is going on by the help of the agency system. Although the system is not bad inherently, many abuses have crept in, and, therefore, the revision of the Company Law is necessary. The agency commission is in many cases based upon production. It ought to be upon profits. Government also are copying the bad ways of the Bombay agents. Government now propose to impose an excise. Excise is a tax on production and not on profits. Government, I think, are copying the bad example set by the Bombay agents and perhaps for that reason Government may like to protect their friends. Therefore, in conclusion, I shall say that the laws of the country ought to be revised and Government ought to make a provision of a few thousand rupees for this purpose. The Indian Companies Act ought to

[Mr. B. V. Jadhav.]

be revised, the insurance laws ought to be revised, the navigation laws ought to be revised, and many other laws, which need no mention here, ought to be revised.

This Finance Bill has been criticised in many of its provisions. I am not going to speak on each and every point, but I shall have to say something about the revised postal rates. I approve of the proposal to reduce the postage rate on letters from five pice to four pice in the case of letters not weighing above half a tola. I say, Sir, it is a move in the right direction. The enhanced rate of letter postage—from one anna originally to one anna and three pies—was very excessive and Government have now seen that the law of diminishing returns has been operating here. I shall show, Sir, that half a tola is too small. It ought to be at least three quarters of a tola. At the same time, I am very surprised to see that although Government were very solicitous to give relief to the letter-writer, they do not take into consideration the hardship which the poor man who uses postcards has to suffer. The price of postcards has not been revised. I ask Government to reconsider the case and make the postcard cost half an anna only. It will give a very necessary relief to the poor man, and I think Government in the long run will not suffer loss.

I am surprised, Sir, that the book packet rate is proposed to be enhanced. A few years ago, ten tolas were carried for half an anna. The rates were at once doubled by halving the weight, and so half an anna was charged for every five tolas. Now, Government propose to enhance the rate by fifty per cent. This is very hard upon the book trade. Sir, Government are hereby taxing education of the people, and in this way they are indirectly encouraging illiteracy and putting a very heavy tax upon education and diffusion of knowledge, and thus doing a great deal of harm to the people. The reason given by the Honourable the Finance Member was very strange. He said that some people were wrongly making use of the book post for sending matter which ought to have gone on a postcard and which ought to have paid three pice. Sir, some few persons might have cheated Government in that way, but I ask, why are Government going to penalise the book trade by enhancing the rate? The proper remedy, in order to avoid or put a stop to any such practices, is to reduce the rate of the postcard to half an anna: and when the postcard is half an anna, there will be no inducement for anybody to send matter through the book post which can be sent on a postcard. The Postal Department is a public utility department, and should be worked as such, but nobody will urge that Government should suffer heavy losses by working it. A reasonable rate ought to be charged, and if there are losses again, the best remedy would, I think, be to retrench. This question will, of course, come up again for discussion when the Bill is gone through clause by clause, and, therefore, I need not say anything further about it.

The Budget, Sir, is balanced, but the burden on the people has risen. The Honourable the Finance Member's career is drawing to a close. He has managed to balance the Budget every time; there is no doubt about that, but, then, this satisfactory condition has been achieved by piling tax after tax upon the shoulders of the people. I do not think, that during the five years of his career, any relief has been given to the people. Income-tax has risen abnormally. My friends tell me here that the tax on silver has been lowered. I think, however, that this tax has been

lowered in order to make some money—not to give away some money. (Hear, hear.) The fact is that, by the heavy import duty on silver, Government were not making any profit at all, and, therefore, they are proposing to make the experiment of lowering the duty to see whether something can be made out of it. So, this reduction of the tax on silver is not due to any generosity on the part of the Government, but, I shall say, it is due to their greed.

**An Honourable Member:** What about the removal of the export duty on hides?

**Mr. B. V. Jadhav:** Well, I am neither a hide merchant nor the owner of a tannery, so I am not in a position to offer any remarks with regard to the removal of the export duty on hides. Sir, on the whole I support the motion.

**Seth Haji Abdoola Haroon:** Sir, I have to express a few remarks on the taxation policy of the present Government. Sir, since the last few years, as my friend, Mr. Jadhav, has just now said, the taxation is mounting up year by year; and not only that, but, as he has said, you will find, Sir, that, on account of that, the trade has been ruined and has nearly come to a stop, and, not only that, but on account of the raising of the taxes, the Government are unable to get more money from the people as they were estimating to get year by year.

Sir, I have very carefully read the Honourable the Finance Member's speech, especially paragraphs 56 to 63. Now, although the Honourable the Finance Member has boasted that on account of the Government policy, India's position has very largely improved, and he has said that the House and the public should note that India's position is far better than that of any other country in the world, well, I am sorry to say, I cannot agree with these remarks of the Honourable the Finance Member. He said many things, such as the economic condition of the country, the low rate of interest, the credit of India, and so on. Sir, I must say that I am neither an economist nor a financier, but I am only a businessman and a merchant. I dared not oppose his financial policy in the beginning, but after examining the last five years' condition of my country, I find that the Government policy has failed to achieve all that the Honourable the Finance Member had been telling us. Sir, first of all, I want to place before the House all the published figures as my friend, Dr. Ziauddin Ahmad, always believes in published figures. He does not believe in any fictitious figures. If you see the Explanatory Memorandum (page 4), you will find that there are certain figures mentioned therein from which I want to prove that for the last few years it has been the policy of the Government to enhance the customs duty and the income-tax. It will be seen that the income from customs in 1925-26 was 47,78 lakhs. After that, if you go through the Tariff Act and the changes made therein, you will find that they doubled the tax on some articles, and, on some articles, it was even trebled. And what is the result of this? In 1926-27, the Government received from customs 47,38 lakhs, in 1927-28, the income was 48,22 lakhs, in 1928-29, it was 49,28 lakhs, and in 1929-30, it came to about 51 crores. If you see the Tariff Act, you will find that in March, 1930, on account of the deficiency in the Budget, Government raised the customs duties. And what was the result next year? The income from 51 crores went down to 46 crores. Now, let us take the income-tax. The income-tax was raised in 1929-30. In the next year,

[Seth Haji Abdoola Haroon.]

from 16,71 lakhs it went down to 16 crores. So, although year by year the customs taxes and the Income-tax increased, the revenue of the Government decreased. Of course, in 1931-32, when the surcharge came to about 25 per cent, the income was 51,25 lakhs. Again, this year the estimate is 46,87 lakhs, and so the income-tax, from 17,49 lakhs, has gone down to 17,13 lakhs, although the surcharge on the income-tax was raised in 1931. Sir, all these figures show me clearly that by raising the taxes, Government have been unable to get revenue. Although people have been compelled to pay more taxes in these days of hard times and depression, the position of Government remains the same although the people have suffered a lot. On account of this high Customs duty, I find that at my place in Karachi the whole of the import trade has been diminished to a great extent. Not only that, but when we are not purchasing goods from abroad, many countries are also unable to purchase our produce. Thus we have lost all the trade and still I find that the Government are unable to reduce their expenditure. Sir, Government cannot have any relief by the enhancement of taxes; they must reduce their expenditure. In 1921-22, the expenditure of the Central Government was 138 crores and that amount had been decreasing year by year until today I find that it has gone down to 115 crores. But, on the income side, you will see that in 1921-22, it was 115 crores and today it is 119 or 120 crores. So, whatever relief the Government can get, it is not by enhancing the taxes, but by reducing the expenditure. Therefore, I suggest that the enhancement of taxes is not the right policy for the Government to pursue. Now, Sir, this year Government are again thinking of enhancing the customs tax and the income-tax. Therefore, they are putting an excise duty on matches and sugar. When the time comes, I will speak on that subject.

I find that the Government have already ruined the trade, and if people start some industries, the Government immediately comes on the scene and tries to collect more money from those industries. The idea of the Government is simply to get immediately more money, but it is not understood that Government ruin the industry by imposing more and more taxes just as they have ruined trade by enhancing the taxes on customs. The Honourable the Finance Member is saying today that interest is low. It must be so, because at present there is no trade. The money is lying idle with the people and with the banks, and, therefore, the trade interest is very low. It is not only due to the policy of Government that interest is low, but it is also due to the world wide depression that interest is low, and people are investing their money in Government securities and they are now willing to invest their money in trade and industries. In my opinion, a time will come when no one will put his capital in any industry or in any private enterprise except the Government security, and, therefore, as the Finance Member says, the credit of Government will improve more and more. These things are not encouraging and hopeful signs for any country. The only way to reduce expenditure is to reduce the establishment, but not by levying more and more taxes. Today a merchant cannot put his capital, brain and energy in any trade, because he has to pay 92½ pies income-tax, and, besides that, he has to pay some profit tax, surtax on the income-tax and he has also to pay his monthly expenditure on the staff, and so on. Therefore, trade is decreasing day by day. I appeal to the Government and to this

House that any fresh taxation on any item must be considered very carefully and the House should not support any taxation proposals immediately they are put forward by Government.

Now, I wish to speak on one important subject, and that is Baluchistan. My Province of Sind is the neighbour of Baluchistan. I am sorry that at present the Foreign Secretary is not present in the House, but I hope that the remarks that I am going to make on this subject will reach his ears and that he will consider them very carefully. It is well known that in the whole of India all Muslim parties and Muslim organisations have supported the principle that Baluchistan should be granted autonomy. I also understand that all other political parties in India, including the Congress, have supported the principle of granting provincial autonomy to Baluchistan, but I am sorry to say that Government do not consider that Baluchistan is fit to be created as an autonomous Province at present. Neither the Round Table Conference nor the White Paper have made any suggestions with regard to Baluchistan. I wish to inform the Government that Baluchistan is connected with Sind and the Punjab, and the big population of the Baluchis live in Baluchistan, Sind and the Punjab. So the people of Baluchistan occasionally come to the neighbouring Provinces of Sind and the Punjab and look to the conditions of the people in these Provinces, how they enjoy freedom of speech, how they ventilate their grievances in their Provincial Councils and how they enjoy a large measure of local self-government, and then they compare themselves with these people, how they are unable to move about freely or even to talk about measures for the betterment of the people in Baluchistan. Then they commence to ask for more facilities to work for the advancement of Baluchistan. But the policy of the Government is to oppress the Baluchis without giving them any sort of encouragement or help to advance their cause. I want to draw the attention of the House to the fact that lately I read in a newspaper that one Mr. Abdul Aziz was simply writing a few articles in British Indian papers about the condition of Baluchistan and suggesting that Government must improve the position of the Baluchis and at the same time calling upon the Nawabs and tumandars that they should come forward to improve the educational condition of their people and that they should treat their tribesmen as human beings. I understand that this gentleman was arrested and his case was forwarded to the so-called *Jirgas* who sentenced him to five years hard labour. There is another instance of one Mr. Abdus Samad Khan who was the Secretary of the All-India Baluch Conference, and the President of that Conference was the Mir of Khairpur. Mr. Abdus Samad Khan called some meetings in Karachi and other places to ask the Government to redress the grievances of the people of Baluchistan and to get some reforms introduced in Baluchistan. I do not know if this gentleman also has been arrested. Besides this, Mr. Abdus Samad Khan also asked the Political Agent at Quetta to permit him to print a newspaper. I do not know what fate has overtaken Mr. Abdus Samad Khan. If this policy is pursued by Government and if this treatment is meted out to the people of Baluchistan, I think the time is not far away when Baluchistan might come to the same position as North-West Frontier Province was a few years ago. I know that the present mighty Government can handle the situation very well and that they can do what they like. But as I belong to the neighbouring Province of Sind, which is close to Baluchistan, I do not want these things to continue in Baluchistan. Therefore, I appeal to Government

[Seth Haji Abdoola Haroon.]

that, before any agitation starts on a large scale, they should do something to redress the grievances of the people of Baluchistan. Of course, they cannot at present get an autonomous Province, but are they not entitled to get local self-government in the shape of municipal and local boards? Are they not entitled to have a weekly or monthly newspaper or to speak about the Government on a public platform? If you will not allow them to do all these and will oppress them, I do not know how far you will succeed. Of course, Government always put forward the excuse that they have nothing to do with it, and these *jirgas* and tumandars and Nawabs are oppressing them, and they do not want any provincial autonomy. But we know that these tumandars and Nawabs are backed by Government, because the people would fight amongst themselves. But those days are now gone. The people have become more peaceful and have no arms or ammunition. Still these Nawabs and tumandars are oppressing them and they are not showing any sort of humane treatment to these people. Of course there is the mighty British Government behind them who are protecting them, otherwise the people might deal with these Nawabs and tumandars. But the British Government are protecting them, and, therefore, I say that the British Government are the oppressors and not these Nawabs and tumandars. So I am suggesting that at least local self-government should be given to Baluchistan, and side by side with that, the Press and the platform should be made open to them to put their grievances before Government.

**Kumar Gopika Bomon Roy** (Surma Valley *cum* Shillong: Non-Muhammadan): Sir, at the outset, I must thank and congratulate the  
 1 P.M. Honourable the Chancellor of the Indian Exchequer for compiling his huge Budget speech for the year 1934-35. Certainly the compilation has taken a good deal of time, but, in places, while thanking him, I also cannot restrain myself of criticising his Budget as a people's representative, nay, the Budget speech, for which I apologise to him in advance. Sir, let me first draw his kind attention to the bottom of pages 14-15 of his own speech. Here he admits that some facts were suppressed, rather omitted or not shown in the Budget which was placed before this House from 1930 onward systematically and now he has come out to make provisions from 1934-35 onward. I do not know, Sir, if there will be some more crores forthcoming in the present or in the future to spring surprise in some subsequent date and the Honourable Member may give us an explanation that it was a sad omission. Sir, crores this way or the other may mean a trifling matter and a pleasant pastime with the Honourable Members in the Treasury Benches, but to us, the Indians, or rather the representatives of the hungry millions. *i.e.*, the Members on the Opposition Benches, it is a question of life and death. Sir, let me take the figure, as supplied by the Honourable the Chancellor of the Indian Exchequer, to be correct and let us take it with all seriousness. The Honourable the Finance Member has made various additions, subtractions, and multiplications to prove that this Budget is a well-balanced, nay, surplus Budget. It is a matter for my Honourable friend, Dr. Ziauddin Ahmad, who is a mathematician and who has earned an unchallenging reputation in solving mathematical problems on the floor of the House. I will ask him how much new taxes has our benign Finance Member imposed on the people of India during the last five years. What are your calculations? I wait for a reply.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): It is 40 crores, but I will give the details later on in my speech.

**Kumar Gopika Ramon Roy**: Moreover, Sir, the Honourable the Finance Member has spoken for two hours, and they have been printed in 51 closely typed pages. We had only two days' time to go through the speech and other voluminous books to consult the figures. These two days, Sir, also were religious festival days; hence, it is no wonder that we on this side have had very little time to examine the figures and check them accurately within this short space of time. May I, Sir, in this connection, propose that in future, after the presentation of the Budget, at least one week's time should be given to Opposition Members to scrutinize and examine the figures if the Government really intend to obtain honest scrutiny and advice from the Members in this side of the House and for which we have taken the Oath of Allegiance to the Crown, and not compel the Members on this side to scrutinize volumes weighing about ten seers in an indecent haste within 48 hours, in order to secure a passport before the civilized world that the Budget has gone through all the scrutinies by the Opposition—as the time allowed to us for criticising such a long speech and volume of books is only 20 minutes. Now, Sir, one should gauge the position under which we in the opposition are to criticise the introductory speech and the Budget every year. I would also suggest that at least three days should be allotted for general discussion of the Budget as many persons could not speak.

Sir, the Honourable the Chancellor on page 21 has said under the head "Silver":

"The decline in the import of silver is of course primarily due to the lack of purchasing power in the country which has turned India into an exporter of gold instead of an importer to the extent of many crores per annum of gold and silver."

Hence he here admits that India's purchasing power has greatly diminished owing to the financial crisis. Sir, we, the Members in this side, raised our voice several times against unjustified taxation to which the Honourable Members on the Benches opposite are accustomed to turn deaf ears; but, Sir, it will no doubt be a triumph for us to find that the Honourable the Chancellor of the Indian Exchequer has also confessed, certainly in some careless moments, that "There is little justification for its retention", that is, duty. (Page 23, paragraph 30, on the concluding portion under the head "The Export duty on Hides".) Though he has confessed here and there India's utter incapability to bear the burden of taxation, still he comes out with expressions and justification for the retention and extension of taxation. I would refer to his speech, on page 17, under the proposal for 1934-35. But he does not say a word whether there is any improvement of general financial condition in the country. Then, pray, what is the justification for the retention of the plan for taxation for a further period?

Sir, in this connection, let me cite another instance. Income-tax, when first levied in this country, was levied to meet the expenses of the Burma War, but it is like Jonnie Walker still going strong: rather, gradually becoming fat, fatter and the fattest. (Laughter.) And we should not be surprised if these surcharges, or in whatever robe they be dressed by the Honourable the Chancellor of the Indian Exchequer, will gradually become a permanent tax on our shoulders. The Honourable the Chancellor



[Kumar Gopika Romon Roy.]

is not fully satisfied with these taxation measures too. He is not going to touch iron and steel or the paper, but he has a covetous look towards sugar. Sir, though we know very well that only ants can smell sugar from a distance, but I had not the experience that the Honourable the Finance Member too can smell sugar so strongly as he is found to have done in the current Budget. However, I will leave this aspect here.

The idea seems to me as if the Honourable the Chancellor of the Indian Exchequer is running with Mail. He will touch only the main stations, the road-side and unimportant stations will be cleared by the mixed trains, i.e., the Tariff Bill taxation, etc., etc., which will be carried in the wagons of his colleague, the Honourable the Commerce Member. When they both reach the destination, they expect a good earning. Sir, our life has become an absolute misery. On one side the Ordinances, and, on the other, taxation, Tariff Bill, and so on, and we have no food in our stomach, no money to purchase the daily essential necessities of life: still we are asked, rather forced to pay taxes. Now, we are only to say "God help us and wait for the inevitable to come". Still the Honourable the Finance Member feels gratified and eulogises himself on page 38 of his speech, saying:

"Now, though the methods in both cases" (meaning Russia and America) "are very different, there is this similarity that in each case it has been proved necessary to create departments of Government exercising large powers of control over every phase of industrial, commercial and agricultural activity of the country. The machinery of the Government of India is not adapted to such a purpose nor do I believe for a moment that the country would tolerate such a measure of control."

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury): Order, order. the Honourable Member may resume after lunch. But before the House adjourns for lunch, the Honourable the Leader of the House will make a statement.

#### STATEMENT OF BUSINESS.

**The Honourable Sir Brojendra Mitter** (Leader of the House): With your permission, Sir, I desire to make a statement as to the probable course of Government business in the week beginning March the 19th.

Sir, the President has so far directed that the House shall sit on Monday, Tuesday, Wednesday, Thursday and Friday, but it is probable that we shall be obliged to ask the President to make a further direction that the House shall sit on Saturday, the 24th

**Honourable Members:** Ram Navami: No, no.

**The Honourable Sir Brojendra Mitter:** On Monday, the first business will be a motion for leave to introduce a Bill to make better provision for the control of the manufacture, possession, use, operation, sale, import and export of aircraft. This will be followed by the resumption of the consideration of the Finance Bill on which the House embarked yesterday afternoon. It is hoped that the Finance Bill will be concluded by the evening of the 22nd or, at the latest, by the evening of the 23rd, and that the closing days of the week will be available for the consideration and passing of the Salt Additional Import Duty Extending Bill, and either the further motions in connection with the Bills imposing excises on sugar and matches or motions to consider and pass the States Protection Bill. The order *inter se* of these measures will be announced later.

In addition to the above business, on Monday and Friday, two motions will be moved for the election of Members to the Standing Finance Committee for Railways and the Central Advisory Council for Railways.

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

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. Deputy President (Mr. Abdul Matin Chaudhury) in the Chair.

### THE INDIAN FINANCE BILL.

**Kumar Gopika Romon Roy:** Pray, what are these Tariff and Textile Bills, match taxation, sugar, salt, other food-stuff and tobacco taxation measures? Are they not taxing the industries, food-stuff and agriculture? By kerosene taxation, have you not taxed the poor man's illuminant too? Have you not set up departments for taxing industries, food-stuff and agriculture? What for are the Tariff Board and Excise Departments in this country? Are they not for taxation?

You may hoodwink the world by painting a hopeful picture of the potentialities of India today, but you cannot shut the eyes of the hungry millions who are groaning under your unjustified taxation. In the name of taxation, you are simply indulging yourselves in bleeding India white as there is no blood to be found now. If you have a heart, go out of the house and see each village, each hearth and home in a village and each bazar and each family. I offer you an open challenge. Please do not shut your eyes by seeing a few Cowasjis, Modies and Raja Bahadur Krishnamachariars. As for toleration by Indians, I am tempted to shout,—of your whims and atrocities, the less spoken of is better. Does there arise any question for a goat when it is sacrificed for eating? Are you not ransacking India by your salary of six thousand and seven thousand rupees per mensem where 80 per cent. of the population is starving? Is this humanity? Is this benevolence? Is this good Government? Is this what you call stability of finance? You ought to hang down your head in shame before boasting. You have let loose so many hungry wolves in the garb of Income-tax Officers. They are catching the throats of the poor villagers and sucking their blood. There is no appealing authority against their atrocities and whims. Do you yet venture to say that you have not started institutions for taxation?

Then, Sir, I would refer you to the Honourable the Chancellor of the Indian Exchequer's speech, paragraph 7, page 3:

"Turning to the other decrease in revenue, I have mentioned income-tax where we expect to fall short of our estimates by 93 lakhs, and all one can say about this is that it is unhappily an illustration of the depth of the general depression."

Now, Sir, to accrue 93 lakhs, as income-tax, how many crores earnings by Indians are required? I put again this question to my Honourable friend, Dr. Ziauddin Ahmad, to kindly find out the exact figure.

**Dr. Ziauddin Ahmad:** It requires calculation.

**Kumar Gopika Ramon Roy:** This question may be considered from also another angle of vision. The income from income-tax was anticipated on the calculation of the income of the general population in India in 1933-34, so, the expectation of income was not fulfilled, rather the income has dwindled by several crores; hence there has been a fall in the estimate in the earning under income-tax by 93 lakhs. Hence, it is an open fact that the general financial condition of India has a very much downward inclination than the year 1933-34. Naturally, after considering the situation, the state of affairs ought to be taken into account in the current Budget for the abolition of taxes, but, instead of abolition, what we find in this Budget is that the Honourable the Chancellor of the Indian Exchequer is out with half a dozen taxes with his colleague, the Honourable the Commerce Member, to saddle the poor Indian tax-payers. Under the circumstances, are these taxes justifiable and are they keeping in pace with this condition of the country?

Sir, let us compare this country with the United States of America which the Honourable the Chancellor of the Indian Exchequer has laid before us to show that India is in a better position than America is today. I would proceed with the consideration piece by piece. The first point of comparison which the Honourable Member has set forth before us is that of banking. He says:

"The whole machinery of banking and Industry was in danger of breaking down. Since 1929 more than 6,000 banks had failed involving deposits of five thousand million dollars—many more were carrying on and are still carrying on on a restricted basis."

Sir, banking has a very close relation which the prosperity and adversity of the country and this relation exists in all other countries except India. In India, the Banks which are worth mentioning are all foreign Banks. They have hardly any connection with the prosperity and adversity of the people of the soil. Though these Banks exploit on almost all imported foreign articles and the Indian resources, *i.e.*, the resources of the traders, industrialists and agriculturists of this country, they hardly finance any institution, be it agricultural, industrial or commercial. While the question of finance comes, these Banks in India generally finance foreign concerns in the country. Though they flourish at the country's resources, they have hardly any relation with the general financial adversities of the country. Owing to the depression in trade, their earning might be a few lakhs this way or the other, but the capital remains intact. That has no concern with the country's condition. Moreover, in India, the banking system has not been so much prevalent as in Western countries. Considering the huge population of India, if one takes into account as to how many persons have their accounts in Banks, the percentage might be gauged. In India, the general public do not transact their daily business through Banks, while, in other countries, the Banks transact almost all business of the people of the soil. Hence, by the condition of the Banks in India, the general financial condition cannot be calculated. I may cite here an instance. During the tea slump, *i.e.*, before the tea restriction duty was levied,—not to speak of the Banks, even the European tea brokers refused to finance the Indian tea gardens by hypothecating the crop of the year. And, as a result, many tea gardens have gone to grief. I do not know whether the Honourable the Finance Member has got any report of how much of such concerns have gone to grief for want of proper finance. If the Honourable the Chancellor of the Indian Exchequer would have surveyed the condition of

the small Indian Banks, I think, he would not have painted such a prosperous picture of the Banks as he has painted here. Hence, after considering the condition of the Banks, the argument of growing prosperity in India cannot stand. This is, in a brief survey, regarding banking at present. I will deal more elaborately again while I will discuss about the Government's loan condition later on. This is just why I raised the question of financing the agriculturists in my criticism on the Reserve Bank Bill.

The next item for consideration is the portion of the same paragraph where the Honourable Member says in his speech:

"From 1929 to the spring of 1933, the numbers employed in factories fell by a half the total wages by two-thirds and the wage per employee by 30 per cent."

Sir, from 1929 to the spring of 1934, I think my Honourable friend, Mr. Mody, will be able to give accounts of as to how many mills have been closed in the Bombay Presidency alone and how many labourers have been thrown out of employment. I think my Honourable friend, Mr. Joshi, and my Honourable friend, Mr. Rajah, will also be able to assist me with the figures.

**Mr. N. M. Joshi** (Nominated Non-Official): The Honourable Member has put me a very difficult question; but, at the same time, I shall try to reply. In Bombay, there are 30 to 40 mills closed, and about 40,000 to 50,000 workers idle. I think that will give my Honourable friend a very good idea of the condition.

**Kumar Gopika Romon Roy:** Then, I would ask the Honourable the Railway Member, how many Indians have been unemployed in all the railways in India.

**An Honourable Member:** The Railway Member is not present.

**Another Honourable Member:** The Financial Commissioner is here and he can answer.

**Kumar Gopika Romon Roy:** No reply. I think my Honourable friend, Mr. Joshi, who is a Labour Member in this House, will also be able to assist me with a reply, if it is not given from the Government Benches,—to give me the figures of the unemployed on the railways in India.

**Mr. N. M. Joshi:** I think, Sir, on the railways there are more than 40,000 people unemployed.

**An Honourable Member:** Why not make Mr. Joshi the Railway Member?

**Kumar Gopika Romon Roy:** And, at last, towards my home, Assam, I will draw the attention of the Honourable the Chancellor of the Indian Exchequer. Does the Honourable Member keep any account as to how many working days have been curtailed in a week in the tea gardens of Assam?

**An Honourable Member:** Ask Mr. Hazlett who is here.

**Kumar Gopika Romon Roy:** Perhaps he has no information. In some gardens, five working days form a week and, in some, four. And the wages in some gardens have been cut down by 25 per cent and, in some gardens, the amount of work has been enhanced by 25 per cent. on wages a labourer was drawing in 1929. This is also for my Honourable friend, Dr. Ziauddin Ahmad, to find out the real percentage of earning a coolie is at present earning in the Assam tea gardens in comparison with 1929.

**Dr. Ziauddin Ahmad:** It is too advanced for me to calculate.

**Kumar Gopika Romon Roy:** I do not exactly know what is going on in Dooars, Darjeeling and Madras tea and coffee gardens. Then, again, as regards the general wages of Assam labourers, I would say, in 1929, the wages for an adult labourer was annas six to eight per day, and now a labourer can be had in our part of country on a daily wage of annas four per day. And, yet, all the labourers do not find work for them daily. Has the Honourable Member surveyed all these conditions of labourers in India and has he drawn any comparison? Now, the Honourable Member may calculate the average earning in comparison with 1929 and today, and let him say whether in India the percentage of the daily earning of a labourer has fallen by more than 30 per cent. or not. And, then, let him feel gratified in his exalted seat seeing the brightest prospects of the Indian labourers.

I will discuss the concluding portion of the speech of the Honourable Member in the following paragraph. He says:

"In March, 1933, 21 million persons out of a total population of 120 million were living on public relief—many more were unemployed and living on savings and charity. And that was the state of affairs after the previous government had made desperate attempts and pledged hundreds of million dollars—of public credit to stem the fall in prices and produce a so-called economic plan. In India we have no situation comparable to this."

Sir, has the Honourable Member taken any account of how many beggars are found in the Indian shrines and in the streets of Indian towns, bazars, in railway stations, and in the roads and paths of both Indian villages and cities alike? Has he ever cared to look into the huts of Indian villages, the skeletons of human beings, sharing few pieces of cloth, both men and women? Has he ever taken a survey as to how many are appeasing their hunger by boiling *Arum* plants and water-hyacinth flowers and other like vegetable shrubs? Sir, in the western countries, begging is an offence by law. In those countries, alms-houses are provided from the State to give food and shelter to the beggars. Is there any such existence of institutions in India? Then, how the Honourable Member can imagine how much of India's population are living on begging and wild shrubs, and what is their percentage of the Indian population? Perhaps, if a beggar approaches the Honourable Member, the police-man or his orderly will kick him out of his sight. This is the position. When the Honourable Member will travel from one place to another, the Railway Police will keep people aloof from his princely Saloon. Then, how could he gauge the average of beggars and destitutes amongst the Indian population? It is very easy to serve the world with an eye-wash by drawing metaphor and simile, but it is very very hard to improve the condition by such metaphors. I ask with all seriousness, if he can repudiate the accurate picture I have painted on his metaphors with facts and figures and going into the spot. I invited him last year

and I invite him this year too to go to the villages and see himself. Can he now boast in all seriousness saying: "That in India there is no situation comparable to this"? I will say in reply, with all the emphasis I can command, that in India the condition is far more hopeless, helpless and worst.

Then, Sir, on page 26, paragraphs 34, 35, 36 and 37, the Honourable the Chancellor of the Indian Exchequer has dealt at large as to how he proposes to pay Bengal her share of jute duty to meet her deficit Budget. Sir, I do not grudge Bengal receiving the amount, rather I congratulate her. But I could not quite follow the argument as to why for paying the jute duty to Bengal, a bucketful of water into the flames of Bihar and Orissa and a sprinkling of water in the desert of Assam were given. Why all India should be burdened with the match tax? Is it that the Honourable Member is following the principle of "robbing Peter and paying Paul", which has an equivalent saying in Bengali "*garu méré jutá dán*". The Central Revenue unjustly swallowed so long the part of revenue which Bengal ought to get and now the question of adjustment of the same revenue has come. The Honourable Member is eager in finding out another healthy cattle where he can experiment the sharpness of his knife. For repaying A's legitimate share, which B unjustly swallowed so long, C is to be robbed. What is the sense of proportion or propriety here? The Central Revenue must see their way to curtail their expenditure and they should not fall upon all the Indian tax-payers for keeping themselves healthy. If this be moral and legitimate, then I think an insolvent's solvency by robbery and dacoity will also be justifiable. Then, let the Honourable Members in the Treasury Benches amend the laws accordingly, and they will surely give relief to the world, and it will indeed be a revelation. The duty on match, Sir, has been proposed in the White Paper to be levied when the Reforms come in. There might be some justification for India's bearing another burden of taxation, where she expects to receive greater Reforms towards her advancement in achieving Dominion Status. She might be inclined to pay some more when she will derive the benefit to some extent too. But why should she be compelled to pay for the moral debts of the Central Revenue to Bengal? The debtor must see his way to pay the creditor or must see his way for the fulfilment of the moral obligation. Why for the moral obligation of the Central Revenues the whole India should suffer? It is beyond all my comprehension, Sir, as to how the Honourable the Chancellor of the Indian Exchequer is going to justify match taxation for the purpose of paying the jute duty from the Central Government to the jute-growing provinces in India. I do not know, if it is justified to support this taxation to maintain the luxury and growth of the Central Legislature. Why does not the Honourable the Chancellor of the Indian Exchequer take courage in both hands and prune the top heavy administration of India instead of taxing the hungry and destitute millions? Do the Government mean to say that the Indians will be simply sympathetic, respectful and faithful to them, if they see everywhere vivid examples of snatching a morsel of rice from the rag sack of the famine-stricken millions to finance the luxuries, extravagances and swelling the banking account monthly of the folks who are better known as demi-gods in India, rather, the people in charge of the administration? What are these 5, 6, 7, 3, 4, 2 thousands as salaries per mensem? Does this ransacking tally with the condition of the country today? I ask this, with all seriousness, of the Honourable Members in the Treasury

[Kumar Gopika Romon Roy.]

Benches. Cut them by 50 per cent at the least and you will find your way for repayment of debts and all moral obligations. But who will hear? Stop this, and you will see whether contentment and trust are restored in India between the rulers and the ruled or not. In all fairness, I must accuse you all for turning India into such a hot blaze of sedition and terrorism. What is this idea? Whenever there is any shortage, you will fall upon the poor people, but you show no gesture of minimising the expenditure at your home and you do not care to set your house in order by curtailing your expenses and 'princely style of living'. Yes, you may say you have adopted the five per cent. cut. That has told severely upon the lowest cadre of men who are serving the Government. But what is the proportion on the higher rank? To a salary of Rs. 7,000 the cut means Rs. 350 a month—which is most negligible and which means nothing more than a garage and smoking expenses.

As regards loan, the Honourable the Chancellor of the Indian Exchequer has dwelt at length as to how he has strengthened the position of the Government by reducing a considerable amount of debt and by minimising the rate of interest. He found a debt of 1,074 crores and he is leaving us with a debt of 1,212 crores. 138 crores and add to it 180 crores of gold exported. He has taken away gold and has given paper in its place. And thus he has rather undergone much pains to paint a very hopeful picture of the financial position rather financial improvement created in India. In page 31, concluding portion of paragraph 44, under the head "Ways and Means", he says:

"We have also been able to remit more than we anticipated, thereby further strengthening our currency reserves."

If this be really the condition, then why additional taxation again? However, I will endeavour to paint the other side of the picture which is very alarming, and which, I hope, will serve as a note in the future solution of the financial position in India today. In page 33, the concluding portion of paragraph 49, the Honourable the Finance Member has said himself:

"They indicate that a large amount of funds is available for investment, possibly partly the proceeds of private gold realisation."

The Honourable the Finance Member has already mentioned that India has been an exporter of gold instead of an importer by many crores. What I want here to point out to the Honourable the Chancellor of the Indian Exchequer is that he will not in any way create a very prosperous condition for the people and the Government of India by flowing the gold rush from India of which I have mentioned in my discussion of the Reserve Bank Bill. He might have breathed a sigh of relief for the time being, but I am sure, he will very soon repent for the gold export. The Honourable the Finance Member's currency policy has already converted India's savings from gold and silver to huge bundles of paper. If he does not stop his policy of gold rush from India, he will surely in one fine morning find the "Indian Reserve Bank" to be out of gold as it was the case in the Bank of England in 1932: but, in the case of the Bank of England, India came to her rescue, and in the case of India, I do not know who will come to her rescue. Would the creation be a very strong position if the fate of India be found to be so?

Now, as regards Conversion of Loan and securing money at a cheaper rate of interest. I beg to draw the attention of the Honourable the Chancellor of the Indian Exchequer to my following observations.

Has the Honourable the Finance Member ever gone into the facts as to why Government Securities, rather Government loans, have been over-subscribed in India at such a low rate of interest? Perhaps, people outside India may think that this is a sign of the general prosperity of the financial condition in India. Those who will think India's condition to be so at the present moment, I am sure they will commit a very great blunder in their estimate. The real condition is and which I hope every Indian who has thought of the real financial condition of the country will agree that the money, which was in circulation in India's trade and agriculture, have now practically disappeared. The people who had some savings have all gone funky at the general trade depression, and hence, *hundi* and such other temporary loans in commercial circles have since the last two or three years become a rarity. The landed property, which was at one time thought to be valuable and immovable and the security of which was thought to be a very sound one, has now gone abnormally low. So much so, that a landed property which was valued in 1930-31 at rupees one thousand is now valued at Rs. 100 to Rs. 200. This shows that persons who were investing their money in landed property do not now believe in the stability of its valuation. I think I will not be accused of making an exaggeration if I say that in India today both trade and agriculture are telling woeful tales and the investors have no faith in the stability in either of them. I think if I mention here again of the fate of the tea industry before the restriction days, especially of Indian owned concerns, it may be considered enough for the justification of my statement. Perhaps, it has not escaped the notice of the Honourable the Finance Member that in Bengal, estates are being sold for failure to pay Government revenues and this too I hope will bear me out. The above picture, inspite of being an encouraging one, is rather alarming. Now, those who have got some money at their disposal for investment, what are they doing? They are hoarding up their savings in the Banks where the interest on fixed deposit is only a nominal one, and the Banks which are well-known in India are almost all foreign Banks. I have told before that these Banks which are worth mentioning in India are almost all owned by foreigners, they have hardly financed any Indian concern, be it commercial, agricultural or landed security. Hence, the investors' money remained practically idle with such Bankers. The middle class, who could save some money, got alarmed of the grave situation in the country and they thought it unsafe to keep it with them, because there has been quite a serious condition created in the country and the people in the villages are facing starvation and the severest financial stringency which has made dacoity, theft and plunder in the country so common, and for which the Criminal Courts in the mufassil are found busy than the Civil Courts in trying more cases of this nature. Hence the middle class people have made a rush towards the Postal Savings Bank to deposit their money. This is how it has been possible for the Honourable the Chancellor of the Indian Exchequer to find so easily money for redemption and conversion of loan, from a higher to a lower rate of interest. Sir, during the flood of 1929, we noticed cattle and tiger sheltering together in a small strip of land which was above water. But can that position be thought to be due to the growth of universal love between the cattle and the tiger? (Laughter, Hear, hear.) Hence, though the uncertainty of all internal conditions may create an advantageous position for the Honourable the Finance Member for securing a loan at a low rate of interest for the Government of India, it cannot be considered as a very hopeful and prosperous condition for future. I shall not be surprised if the Honourable Member or his successor tells this House a doleful story



[Kumar Gopika Romon Roy.]

as to how he is losing his expected earnings in all the heads next year, and by that position if the Honourable Member will be compelled to float more loans, the interest of which may be much greater than the relief which the Honourable Member has brought home for the Government of India taking the advantage of the present position. Nay, it may be that the expected loan might not be subscribed in full in the country. So, unless and until the Honourable the Finance Member can bring stability in all the internal spheres of business and securities, he cannot possibly think himself to be in a safe position. The structure, however magnificent it might be, if it is on a 'quag mire', is bound to collapse. Sir, with this, I conclude my remarks on this head. (Hear, hear.)

Now, regarding postal and telegraph rates: this item the Honourable the Chancellor of the Indian Exchequer has dealt with on pages 23-25. I find that the Honourable the Finance Member has proposed to lower the initial weight of inland letters from  $2\frac{1}{2}$  tolas to  $\frac{1}{2}$  tola coupled with a reduction in the charge from  $1\frac{1}{4}$  anna to one anna. I could not follow on what proportion the Honourable Member has proposed the reduction. This is another matter for my Honourable friend, Dr. Ziauddin Ahmad, to find out what would be the correct proportion of charge if the charge for  $2\frac{1}{2}$  total be five pice, how much it should be for  $\frac{1}{2}$  tola. But the reduction proposed, I hope, will be amply compensated by the increment proposed on page 24, subsection C, on book-packets; hence here I see the Honourable Member has followed the policy of giving away by one hand and snatching away by the other. With this he is not satisfied. He has given us a threat here:

"If traffic does not respond sufficiently or if economies sufficient to bridge the gap between Revenue and expenditure cannot be found, both Government and this House will have definitely to face the necessity for increasing the rates to such an extent as may be necessary."

Many of my friends have tabled many amendments under this head, so I need not make any more comments.

As regards agriculture, I need not say more now as the Honourable the Chancellor of the Indian Exchequer has, in his speech, proposed to convene an All-India Provincial Conference to devise means as to how India's internal purchasing power for agricultural produce could be increased. Let us hope that suitable means would be devised in the Conference which would extend real relief to the agriculturists in India.

Much has been said regarding cotton and I think considerable heat has also been imported in the discussion. But, Sir, I shall make only one small observation. Sir, the boycott of foreign goods movement was financed and manipulated by the Bombay Millowners and Millionaires and the non-co-operation movement was fanned and financed by the same multi-millionaires, which fact, I think, is known to the Government very well, and, for the suppression of which tons of public money in India has been wasted and many Indian flowers and youths have ruined their lives being a cat's paw in the vagaries of Bombay, and, now, the same Bombay has entered into a pact again which I should say "Lanka-Modi" Pact. So, thanks to Bombay! Sir, in the Ramayana we find one Kalnemi dreamed of sharing Lanka with Ravana. Here my Honourable friend from Bombay, Mr. Mody, is trying to share a big slice of the cotton textile profit with Lancashire. Now, if anybody attempts to write a Ramayana of the Twentieth Century, I am sure, my Honourable friend, Mr. Mody, will get the title of 'Kalnemi' of the Twentieth Century.

So I congratulate him in anticipation. Sir, it was said by a few Honourable Members during the general discussion of the Budget this year that this Budget was a Bengal Budget. Sir, let me say in reply that, from the inauguration of the Assembly, if any Province of India has derived anything, it is Bombay, and today even Bombay's private pact is going to be recognised by the Government of India, so bravo Bombay! No other Province would dare to enter into a pact, nor would have the audacity of expecting that their pact would be recognised by the Government today. So you are holding the thermometer and the barometer of both trade and politics in India. Let me exclaim again "Well done Bombay!"

Sir, the Honourable the Finance Member has mentioned in his speech of almost all the agricultural products, but he has not said a word in connection with paddy. Parts of Bengal and Assam are specially paddy-growing tracts. So, if the internal price of paddy is not increased, no relief would be brought home to the agriculturists of Assam and Bengal; hence I would request the Honourable Member that something should be done to raise the price of paddy. The agriculturists in Assam are almost on the verge of bankruptcy and would be totally ruined if nothing is done for their future protection.

Now, as to our Assam, Sir, in Assam we have an income which is equivalent to the income of the Corporation of Calcutta, but we have a deficit of about 40 lakhs in the Budget of the current year. Our present Governor, Sir Michael Keane, fully realising the condition of the Province, had not the heart to burden Assam with further taxation for which we, the inhabitants of Assam, are highly thankful to His Excellency. Though here, in this Budget speech, the Honourable the Finance Member has admitted Assam's claim to receive some money, but adequate relief has not been accorded to Assam. The Honourable the Finance Member has paid Assam only nine lakhs of rupees where there is a deficit of rupees forty lakhs. Assam contributes in the shape of petrol duty a crore and a quarter, but we get no portion of this amount. However, I have tabled a Resolution regarding this fact. If I get a chance of moving the Resolution, I shall deal with this point more elaborately there. Now, I shall only say that there is no room for practising further economy in Assam. The economy is almost telling upon the efficiency of the administration at present. We have in Assam no money for the advancement of primary and higher education, no money for supplying medicines to the rural hospitals, no money for the development of roads, digging of tanks in villages, for supplying drinking water to the villagers for the want of which many are falling into the clutches of epidemics. In a word, all nation building purposes are at a stand-still for want of funds. I would appeal to the Honourable the Chancellor of the Indian Exchequer to provide us with a suitable fund if he has a mind to keep Assam as a separate Province. The Government of India has launched on huge irrigation schemes in other Provinces, but in our Assam the active rivers are already silted up and are being silted up, country boats cannot ply into the interior of villages causing great inconvenience to the internal trade; the administration cannot think of re-excavating them for want of funds. Hence we badly require money for our Province. A gratuity has been proposed by the Honourable the Chancellor in his speech for Bihar for which I congratulate that Province. In Assam, Sylhet and Cachar especially have undergone a terrible disaster by the flood of 1929, which was followed by economic depression; hence the agriculturists could not improve their position. The agricultural loans which were paid by the

[Kumar Gopika Romon Roy.]

Government could not be repaid by the agriculturists for which frequent distress warrants have been issued by the sub-deputy collectors. Many agriculturists are losing their last resources of cultivation, bullocks, ploughs, and such other implements are sold by distress warrant and they are now in great trouble. May I appeal to the Honourable the Finance Member to grant a gratuity for unrealised agricultural loan in Surma Valley specially. The Honourable Member is on the eve of his retirement. Can we not, the inhabitants of Assam, expect some adequate relief from his hands for which act of kindness we, the inhabitants of Assam, will be ever grateful to the Honourable Member?

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadan Rural): Sir, this is probably the second and the last occasion of our target practice with our double-barelled guns firing blank cartridges. The first occasion was when we were presented with the Budget and we were asked to discuss it. On that occasion, several Members pointed out the various defects that they found in the Budget and suggested their own views in the matter as also some modifications of the Finance Bill if those were possible. But the procedure here prevents such changes being made possible, because almost on the very same day on which the discussion of the Budget is ended, the Finance Bill is also taken into consideration. Thus, it does an injustice to the Honourable the Finance Member in not giving him a little respite and a little time to consider whether there was any substance in any of the suggestions made by the Honourable Members while discussing the Budget. In fact, if it were not possible to incorporate the suggestions of the Honourable Members, especially those which seemed to be proper and feasible, in the Finance Bill, then the necessity of a general discussion and thereby wasting the time of the House do not appear to me to be at all necessary.

On the last occasion, we had the honour of presenting our views about the Budget. Here, on this occasion, it is our duty to inform the Government and those who guide the policy of the Government our views through the Finance Bill by either allowing it to pass or withholding our assent to it. I have characterised this stage of our discussion as firing of blank cartridges, for, I know, it hurts nobody. We may be crying hoarse for our real and imaginary grievances, but neither our real nor our imaginary grievances are attended to or are going to be attended to, and that is the reason why I say that when we launch upon a discussion on the question that the Finance Bill be taken into consideration and, knowing as we do our position and strength in this House, the ineffectiveness of our demands which we might make in this House, I think many would think it wise to withhold their assent. So long as that great vocal section of our countrymen choose not to come here, we face the storm of the opprobrium of our countrymen, and calumnies are bestowed upon us. However, whether it is effective or ineffective, it is our duty to open our minds and say what we feel about the present day problems of the country and why we want to withhold our assent, however insignificant a minority we may be, for the passing of this Bill.

In this matter I may be allowed to observe that least of all is the Honourable the Finance Member to be blamed. It is the general policy of the Government which compel us to deny our assent to this Finance Bill, not that we think that it is a censure upon the Honourable the Finance Member who is on the eve of his retirement, whether on the eve of his retirement or whether we may have the good fortune of having him for a few years more, it must be said that no blame attaches to the

Honourable the Finance Member for presentation of the Finance Bill this year. If we withhold our assent to the Finance Bill, it is not because that we disapprove everything that is contained in the Bill, but that we are unable to assent to it, because of the large number of grievances which have not been attended to by the Government of which he is a Member. What are those grievances at the present moment? The grievances are both economic and political. The dire distress to which the agricultural population of this country has been brought to at the present moment is not at all considered by the Government or, for the matter of that, by those individuals well placed in life, those gentlemen who drive in Rolls Royce and who have an easy time of it in spite of their property being sold in auction or their capital lying idle in the Banks at a low rate of interest. Really we have not paid the same attention to this problem. This is a problem on which no one should shut his eyes if he has the real well-being of the country and also the interests of law and order at heart. The hungry millions, who are now carrying on their miserable existence with half a meal a day, have not been properly attended to by the Government. Their grievances have already been referred to by my Honourable friend, the Deputy President of the agricultural Group whom I do not see now, which has been brought into existence by my Honourable friend from Orissa and the exalted office of the Deputy Presidentship of that Group has been offered to that Honourable Member coming, Sir, from your Province. Those who have any experience of village life know that the agriculturists of the present day—I am talking of the Bengal agriculturists—after they have gathered their harvest, not a grain can be found in their houses. Why? Long before the paddy is harvested, it is carried away by the emissaries of those gentlemen who are entitled to rent. In these days, nobody dare oppose these petty landholders who have become the mainstay of the Provincial Governments. These people take away the crops and assess them according to their own whims, and this leaves nothing to the poor cultivator. These people go out to work again. My Honourable friend has given the picture of labourers getting only four annas a day, but I have witnessed with my own eyes that labourers want work even at the rate of two annas in my village and still they are not getting work. If anyone would take the trouble of coming with me to my village and the neighbouring villages, I can point out to him that a labourer is willing to work from nine to ten hours a day for two annas, and even then no work is to be had in the villages. I am willing to take my Honourable friend, Sir Muhammad Yakub, if he so desires, at my own cost, paying his railway fare, so that he may visit my village. That being the condition, it is up to everyone of us to devise some means of giving relief to the agriculturists. What is the reason for this present state of the agriculturists? The reason is that these petty landholders have to pay rent to Government and they have also to collect the rent payable to the superior landlord, and all these have to come out of the produce of the soil. Either the Government must remit the revenues or the smaller landholders or the intermediaries compelled to reduce their demands or the price of the agricultural produce must be raised by some means or other.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): What have you done yourself for your tenants? Have you reduced the rent?

**Mr. Amar Nath Dutt:** I have been paying rent of the villages I own from my own pocket. My Honourable friend has put a very pertinent question. Petty landholders like myself have done our part to the poor agriculturists. I think this will be borne out by my

3 P.M.

[Mr. Amar Nath Dutt.]

Honourable friend over there, I shall not call him a small landholder, our estates are contiguous in the same district, and he will also bear me out that formerly we used to sue our tenants for arrears of rent, and when that rent was not paid, we put up their holdings to auction. The lands became *khask* and we could not get any tenant to accept those lands even for the amounts for which they were sold in auction, and, therefore, we had to resettle them again on the same tenant. That tenant goes on cultivating for four or five years, but does not pay any rent whatsoever. Then, what is the relief? If we turn out the tenant after the fellow has enjoyed the land for four or five years without paying any rent, the lands again become *khask*. That is our lot and that is the condition of things in Bengal villages. We must seriously devise some means to raise the price of paddy. I know that my Honourable friend, Mr. Bajpai, is taking notes, and I hope he will come to the aid of the teeming millions of agriculturists of the country. I know he has a sympathetic heart and will not spare any means if it be possible. Sir, unless we save these agriculturists from the dire starvation that is confronting them, I think there may be a revolution, a revolution which your law and order will not be able to suppress, an economic revolution headed by labour leaders of the type of Mr. Joshi who at the present moment devotes his energies to industrial labour, but who will come over to us when he is apprised of the distress of this class of labourers, because I know he has a warm heart and does not discriminate between agricultural labour and industrial labour.

Then, as regards our political grievances, I know the Finance Member is not responsible for them. But our first and foremost grievance is with regard to the Communal Award which is an affront to our patriotism and nationalism; and it has been thrust upon India and India's future Constitution by a Prime Minister whom we at one time believed to be one of the greatest friends of India, but who, like a certain animal, has changed so much that even his own party-men do not own him,—and we Indians here should not expect anything from him. Sir, no graver injustice has been done in living memory to the people of this country in the matter of political concessions or rights given to us, since the days of Lord Cross's Bill and since the advent of Mr. Bradlaugh in India in 1889 when the fifth Indian National Congress was held in Bombay presided over by that great Englishman, Sir William Wedderburn. Up till then, there was no partition of Provinces, no transfer of Capital, I mean, no separation of the Provinces of Bihar and Orissa from Bengal and no Partition of Bengal into two Provinces. All these things were not there. But since then so many grave political blunders have been piled by Government, one upon another, that we do not know whether we have politically advanced or retrograded. I surely think we have retrograded. In the olden days, one Lieutenant-Governor used to govern not only Bengal, but also Bihar and Orissa. This had a historical basis, for, in the old Muhammadan days the *Subé Bangla* consisted of Bengal, Bihar and Orissa. These have now been separated and even my Orissa friends want to separate themselves from Bihar. There is also the question of Sind being a separate Province, and, in Lord Curzon's time, the North Western Frontier Province was created. All this adds to the expenditure of Government. We remember how one Lieutenant-Governor, with a Chief Secretary, used to govern the whole country, and now we have four Executive Councillors, three Ministers and their Secretaries, and so forth, to govern one-fourth of the Province which Sir Charles Elliott or Sir Stuart Bailey governed with the aid of a Chief Secretary of the type of Sir Henry Cotton.

**An Honourable Member:** Then, why do you want the reforms?

**Mr. Amar Nath Dutt:** I do not want reforms of the type granted to us, much less the Communal Award. I should like to go back to the old days of benevolent autocracy rather than this so-called democracy, when, in the name of democracy, all sorts of sub-divisions are created among the Indian people on the basis of their religious faiths and views. Sir, because of this Communal Award it will be the bounden duty of every nationalist Indian to refuse any grant of money to Government which can perpetrate an outrage like this upon our nationalism. But, as I said at the beginning, we are merely firing blank cartridges which hurt nobody and the gentlemen on the Treasury Benches do not care about all this. Ours is a voice crying in the wilderness, but it is only an assertion of truth. Some of us reconcile ourselves to this fate, others say that we should try to make the best use of it, but the truth is there; you cannot crush it or imprison it. It gets electric elasticity within the dungeon walls, and I say on the floor of this House, with every sense of responsibility, that, unless you do away with the Communal Award, it will shake the whole foundation of the Empire when once the sense of patriotism and nationalism awakes in us. Try to divide us by these communal awards: we understand your motive: we know what lies underneath it. Ramsay Macdonald is not the same Ramsay Macdonald as we knew of old. He is an enemy of India. He wants to divide the whole country into communities—not two communities, but several communities—Parseis, Jains, Sikhs and others. He is trying to keep brothers separate from each other; but these brothers will one day understand their real interest, and when they understand that it is to serve their own purpose that a brother was kept separated from a brother, which led to all these communal wranglings which we in this House and outside notice, that day will be the doom of any foreign rule in this country. I have always felt that British rule has done us incalculable good. At the same time, I hold it as our right, as was foreshadowed in that memorable speech of Lord Macaulay, those free institutions under which free Englishmen live. Were we wrong? You also say "Yes; we are training you up to be a free nation". But are you sincere when you mix up our Constitution with this base metal of communalism? Are we to believe you to be sincere? We should be fools indeed to believe in such statements. My idea is not the exclusion of the Britisher from India. We have lived for centuries to our mutual benefit and advantage; let those days be revived,—the days of Lord Ripon and Lord William Bentinck. Those were happier days instead of these days when we quarrel with each other. Cannot those days come back? They can come back if there is sincerity on both sides, and it is needed that Englishmen who have made India their home will help us in this struggle of ours for the maintenance of those bonds of union and friendship upon which rests the good, both of England and India. For many a long and weary years to come, Indians and Englishmen will have to walk side by side in this sacred land of Aryavarta, helping each other to the best of its power and not trying to keep them separate by artificial divisions of religious faith and other things. I have failed to understand in these days at this age why people should still cling to those obsolete forms of religion, worshipping either in temple or in church or elsewhere—I fail to understand how people delude themselves with all these phantoms and do not look to the real needs of progress and civilisation. There is a sinister class of people amongst us always who take advantage of these

[Mr. Amar Nath Dutt.]

things and do more harm to the progress of civilisation. I emphatically condemn the Communal Award, and with it has been tagged on another thing which goes by the name of the Poona Pact—Poona of Fergusson College fame, Poona, the home of that great nationalist Tilak—this miserable pact is associated with the name of that great City. It pains me more than anything else: Poona, which was the Capital City of the great Maharatta Power, which is the home of those great Maharashtra leaders of this country—there some people for their own ends and in order to play to the gallery, with a demoralised press—I do not mince matters and I must tell boldly what I feel about the Poona Pact—came to a pact with the certain intention of curbing the political aspirations of the intellectual classes of Bengal particularly and the whole of India in general. I am tempted to use the words which Newton used to his dog Diamond when it spoiled one of his valuable books: “You do not know what mischief you have committed.” We may say also to the authors of this Pact, those misguided and foolish countrymen of ours, also, intoxicated with ideas of cheap leadership and serving the interests of a certain class of people whom they have given a new name at the present moment, and whose interests certainly they do not serve, they serve only the interests of big capitalists and merchants of Bombay and elsewhere,—that they have committed a great injustice upon the caste Hindus of India in general and of Bengal in particular. Was there any Bengali there? It was said that Rabindra Nath Tagore also did not oppose it; but immediately Rabindra Nath Tagore came out with a denial saying he was much obsessed owing to the fast and could not see things in its true perspective in that time of excitement. Rabindra Nath is a great poet and was never a politician. In fact as a poet he was incapable of doing so. Of all men to pick him out as an exponent of Bengal’s political wisdom was a clever dodge which only *baniyas* can do with the help of millionaire *baniyas*; and that is an injustice to Bengal which, I think, the Government of India will not hesitate to undo as soon as possible. Remember that **save and except** one or two persons, though the rest had a Bengalee name, never represented my Province, real Bengal was never represented there, and as soon as the representatives of the real Bengal came to know, they sent messages across the ocean saying that so and so did not represent Bengal, because they neither have a home in Bengal nor is their real interest in Bengal. They have made Bengal the land of their exploitation. If you can submit to this exploitation of people from outside, why do you complain of the exploitation of Englishmen, if it is exploitation at all, about which I have my own doubts,—but at least from these Englishmen we have secured many blessings for which we ought to be grateful to them, and if they have exploited us, there is some justification for it; but who are you from other Provinces . . . .

**Mr. N. M. Joshi:** Whom are you addressing?

**Mr. Amar Nath Dutt:** I mean those ingenious people who concocted this Poona Pact . . .

**Mr. Deputy President (Mr. Abdul Matin Chaudhury):** The Honourable Member should not refer in disrespectful terms to people eminent in public life in the country.

**Mr. Amar Nath Dutt:** Sir, if you observe like that, I am compelled to declare here that I have not the least respect for any man who practises upon my country and my countrymen, however high his position may be. I do not care what position one occupies in the world. Be he a Buddha or a Christ,—I do not care; I stand for my country.

I feel, Sir, that we have not yet been able to shake off that weakness for getting publicity in newspapers by means of blazing headlines in order to make us famous in a single day and pose as leaders of the country, and then carry on secret negotiations with the Government for trade purposes and other private gains. That is a thing to which I am not accustomed from my childhood, and so I cannot look at such things with equanimity in my late stage of life. I shall not have the least respect for any man who will do mischief to my country and my countrymen and who concocted the Poona Pact, in spite of the unanimous voice of the people of my Province. Sir, I condemn the Poona Pact in most unmeasured terms, I condemn it with all the emphasis I can command. (Hear, hear.)

Sir, if I rose at all,—of late I have not been taking much part in the debates of this House,—but if I rose at all and complained about the grievances of my own Province and my own people, it was because I thought it was a duty that I owed to my own people, to my own self and the future generations of my countrymen. A day will come when my communalist friends will realise this, but till then I think it behoves the Government to undo and resist the evil of these evil-doers.

Sir, when the various clauses of this and other Bills come up for consideration, we will have our say on every one of the clauses, and so I shall not say anything at the present moment about the provisions of the Bill. But my friend from Sind has alluded to one grievance. I also join with him in that. Sir, there ought to be, before the new Constitution is ushered in, a re-distribution of the Provinces on geographical, ethnological, and, may I add, historical and linguistic basis. If historical basis is ignored by my friends of Bihar and Orissa, I would like to have the re-distribution only on a linguistic basis, but even then my friends from Bihar will have to part with some portion of their territory, I mean Chota Nagpur and the Sonthal Pargannas . . . .

**Mr. B. Das:** I will claim even Midnapore.

**Mr. Amar Nath Dutt:** Well, Sir, we can put our claims as high as we can, but they will be subjected to the test of scrutiny. My friend will say that even he would come to Midnapore and rule there, but he must prove his capacity before . . . .

**Mr. Sitakanta Mahapatra** (Orissa Division: Non-Muhammadan): Sasmal has proved it.

**Mr. Amar Nath Dutt:** My friend says, Mr. Sasmal has proved his ability to rule. Sir, he is a Bengali gentleman of great parts, I know, and if he has proved his ability to rule, that shows that one of my race has succeeded and there need not be any doubt about it, because the Bengalis were accustomed to rule, and they are even today in a position to rule. Sir, who was the first Indian Governor?



**An Honourable Member:** A Bengali.

**Mr. Amar Nath Dutt:** He was not merely a Bengali, but he was a member of my caste.

**An Honourable Member:** Not of your district?

**Mr. Amar Nath Dutt:** My friend from Sind has asked for local self-government in Baluchistan. I had some experience of this country in my younger days. In those days, we were very much in dread,—I do not find either the Foreign Secretary or the Political Secretary here, and whatever I say now would be almost useless,—but we had much dread in those days of that species which is known by the name of Ghazis. In fact, as a boy I was not allowed to go outside the gates of Quetta. One day, when I slipped away, really my life was in danger at the hands of these Ghazis, because these people take a peculiar delight in killing young people as they think that by such acts they will go to heaven. I remember the time when Captain Kunhardt rode with my father on horseback to some village in Pishin Valley. Suddenly my father saw that Captain Kunhardt's right hand was cut down by an assassin. That was the state of things in Baluchistan at one time. I do not know if things have changed so much as to give the people of those parts local self-government like Municipalities, Local Boards, District Boards, and the like, so that they may govern their own affairs. These Ghazis used to raid some of the stations in Bolan Pass and Harnai Pass. Personally, I don't remember to have experienced any raids, but I have heard from people who had experience of these raids that these people were a terrible lot. They used to loot and take away all your jewellery and things of that kind. People passing through these passes on horseback used to be stopped on the way, and these raiders used to rob them. The poor travellers had to run away for their lives leaving behind their luggage, gold and silver coins and whatever was in their possession which these Ghazis used to pick out and thus the fugitives could run away. If my friend says that all these things have now changed, then it is certainly a wonderful change, and which I think is due to the administrative genius of the Englishman. But I don't think that things have improved to such an extent as to confer local self-government on these people, but it is a matter for the Government of India to consider. I shall, therefore, neither support nor oppose my friend in the demand he has made in regard to Baluchistan.

Sir, I think I have taken sufficiently long time. I once more urge, I would once more request every Member of the Government to see that this hydra-headed monster of Communal Award is taken away from the future Constitution of India, and, along with it, the Poona Pact also.

**Mr. F. W. Hockenull** (Assam: European): Sir, the Honourable the Finance Member has, I am afraid, left in our minds some misgivings as to the intentions of the Government on one or two points, more particularly in respect of leaving unsatisfied the claims of Provinces other than Bengal, which feel that they have an equal claim to financial assistance from the Central Government. Sir, I think we all recognise the position of Bengal. There are not wanting critics who believe that the assistance offered to her might readily have been given some time ago. Certain it is that Bengal has at least two neighbours who believe that they can

put up at least as good a case for assistance as she has done for herself, and we hope that the smoke screen of Bengal will not entirely obscure the difficulties which lie beyond. For my own part I gather some little comfort from the hope which is raised in that part of the Finance Member's speech wherein he states that the Government of India are prepared to recognise that there may be a certain measure of assistance allotted to Assam. The problem of Assam has always revealed that it needed special attention, and the intrinsic difficulties of that problem have always resulted in the task being saddled on to somebody else to provide a solution. I, therefore, ask the Finance Member to tell us how far the conditions he has laid down operate in Assam, what assistance we may reasonably expect to receive, and when it may come into operation. Otherwise, it means, if the position is allowed to drift, exaggerating the mischief and throwing upon all concerned that unnecessary anxiety inseparable from a state of uncertainty. The case for Assam is exactly on all fours with that of Bengal, except in the total amount of its indebtedness, but I feel confident that in a short time the relation of its debt to its income may make even a worse showing. The comparison is all the more complete inasmuch as in recent times it has been necessary to institute measures to meet an outbreak of terrorism. Just one point more, and that is the urgency of the case. In the case of Bengal, we had always a solution in jute, but in Assam the solution they have put up for their difficulties has not been accepted. I would, therefore, invite the Honourable the Finance Member to make an explicit statement which will clear up the whole position.

**Khan. Sahib Shaikh Fazal Haq Piracha** (North West Punjab: Muhammadan): Sir, I take this opportunity of making certain observations on the trade in certain commodities in which my Province is specially interested.

I would take the case of hides and skins first. The trade in hides and skins was one of the foremost trades of India twenty years back, but it has diminished year by year in volume till it has become but a shadow of its former self. It will be found on the examination of the figures that the income on account of the export duty under this head diminished from year to year. In the year 1930-31, it amounted to Rs. 25 lakhs, but it fell to Rs. 20 lakhs in the following year. In the year 1932-33, it further fell to Rs. 14 lakhs, that is, a little above half of the income of the year 1930-31. For hides Germany is the most important market. The pre-war figures show that with Germany we had 46 per cent of trade, which means nearly half of Germany's total requirements. Since the German market reopened after the War, our share in trade has steadily diminished, till in the last recorded year it fell to less than 16 per cent, that is, one-eighth of the German trade. The United Kingdom has been the best customer for our goatskins, but during the last three years the total trade with this country has dropped from 38 per cent to 28 per cent. The reason is apparent; that is, the fall is simply due to the competition of trade with other countries.

During the War, German tanners had to look to other markets for the supply of hides and skins, and, therefore, other markets had a chance to develop, and, after the War, all of such markets entered into the arena of competition. No other country in the world levies an export tax on its hides and skins trade. The South African Government has, on the other hand, subsidised the trade with a bounty.

[Khan Sahib Shaikh Fazal Haq Piracha.]

The indigenous leather trades in India are three-fold, firstly, the village tanner or *chamar* throughout the length and breadth of India, who caters for the simple requirements of the rural population; secondly, Cawnpore and other tanneries, which supply the need for better class of leather and also cater for Government orders; thirdly, the Madras tanning industry which produces rough or undressed tannage, principally exported to the United Kingdom and sold there periodically by auction. The first two do not enter into any competition at all. They furnish this country with finished leather goods and are protected from foreign competition by a very heavy import duty. Madras alone competes in the export business. The Indian production of hides and skins is so large and the Cawnpore and Madras tannage is so small comparatively, that I do not think the quantity they use can possibly be more than ten per cent of the total output of India and Burma. For the use of these tanneries, the hides and skins produced in the *ilaqas* where the tanneries lie are sufficient, and the trade of the surplus goods should not be strangled. Is it a useful economic proposition that the 100 per cent production by the villagers of India and Burma should be shorn of its value by at least one anna in the rupee in order that Madras and possibly Cawnpore may save one anna in the rupee on ten per cent of that total? If so, by all means put an export duty on every primary product of India which India can possibly utilise herself to any degree, and slaughter the value of the rest of the production, in order that those who require a fraction of it for Indian manufacture should get that small proportion very cheap. In this, you may go wrong, but you will at least be consistent. But when India is actually called upon to make sacrifices to secure a free market for her raw cotton, and when all energies are bent, and rightly bent, on relieving agricultural distress, you remain adamant and entirely inconsistent by your endeavour to penalise the villagers producing raw skins. Those concerned are the poorest of the poor. The incidence of average five per cent specific duty at the ports comes, in my opinion, to about eight per cent to the primary producers up country owing to a heavy fall in the price of skins. The Honourable the Finance Member is to be thanked for the proposal to abolish the duty on hides. I hope on account of the similarity of conditions he would consider also to take away the duty on skins. I do not see any reason why skins should not be excluded from the export duty. In doing so, the loss of revenue will be about Rs. nine lakhs only, and it will be compensated to some extent by an increase in the income-tax to be realised from persons engaged in the industry of hides and skins. The total loss in removal will almost be insignificant, but the export will substantially increase, and in this way the railway freight will also be increased which ultimately will come to the Government of India. The development of the trade in hides and skins by the removal of the duty will serve a double purpose: the Indian exporter will benefit as also the cultivator who, as the real producer of the commodity, will get a higher value for his cattle. This will, in its turn, serve a third purpose, Government will have in this way indirectly helped the down and out cultivator of the soil.

The next commodity I feel interested to speak about is cotton, which is the most important product of the Punjab, the C. P. and Bombay. The terrible conditions in which the zamindars are living these days is a well known fact, and needs no repetition. Their condition has always been discussed on the floor of this House since the last so many years,

but to my great regret with no sympathetic treatment from Government. The main crop for a zamindar in the Punjab is cotton, and if Government do not pay special attention to devise means to raise the price of cotton, the Punjab zamindar is sure to be ruined. Under the present circumstances, he cannot, after paying the land revenue and water rates, have a bare livelihood for himself and his family, who work 24 hours in the field. I would request the Government to take early steps to devise means to raise the price of all the agricultural products, specially cotton, and, in doing so, the first step that should be taken is that the home market should be reserved exclusively for Indian cotton, and no protection of any kind should be given to any textile mill in India unless it guarantees that it will use exclusively Indian cotton. Protection is given for the benefit of the people and not for the benefit of the capitalists. You can tax the consumer for the benefit of the masses, but not for the benefit of a few rich men. My argument also applies to foreign countries from where we import piecegoods. We should not enter into agreement with any country unless it guarantees that it would purchase Indian cotton to the extent of its export value to India. I would suggest another way to create a wider field of market for Indian cotton, that is, considerably to reduce the import duty on such piecegoods from foreign countries as are made purely of Indian cotton. This will create a great attraction for manufacturers of foreign countries to import Indian cotton, and so, with the increased demand for Indian cotton, the price of cotton will naturally go up. The export trade in cotton and the import trade in piecegoods will naturally increase, and, therefore, there will be no loss to the Government in giving facilities to such manufacturers.

The next thing is the sugar industry. It will properly be discussed when the excise duty comes under discussion before the House, but I may take the opportunity of mentioning here that my Province is opposed to any excise duty on sugar under the present circumstances. Honourable Members must have read the proceedings of the Punjab Legislative Council and must have come to know the general disapproval of the Council of the contemplated excise duty. The Government should carefully consider the opinion of the country in general and the effect this excise duty will exercise over the sugar industry of India. In my opinion, any excise duty would stand in the way of the development of the industry which is the only way for creating a vast field of demand for the sugar-cane grower for his sugar-cane. With an increase in the demand, the price of the cane will automatically rise. The artificial method of raising the price by legislation is unlikely to have a permanent effect, though I am whole-heartedly for this measure in the present conditions.

I take this opportunity of drawing the attention of Government towards a unanimous demand of Mussalmans in taking immediate steps to establish Kazi's Courts for the decision of such civil suits of the Mussalmans as are essentially to be decided by a Mussalman and by none else, such as marital and conjugal rights and of divorce, etc. My Honourable friend, Khan Bahadur Haji Wajihuddin, sufficiently dilated on this point yesterday, and I need not take more time of the House in repeating the same arguments. Haji Wajihuddin has voiced the general feeling of Mussalmans, and, in this respect, I whole-heartedly support what he said. With these words, I conclude.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Sir, I am not particularly interested in any commodity, but I am certainly interested in the general welfare of the country, and I will dilate upon this

[Mr. Lalchand Navalrai.]

Finance Bill from that point of view. I do recognise the interest of the agriculturist and also the interest of the industrialist, because it is only when they both go hand in hand and when the interests of both are safeguarded that India will rise and will come to a place where it ought to be. One feature to which I would refer in the very beginning is with regard to the paucity of Members on the Benches at the present moment.

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): May I draw your attention to the fact that we have got no quorum?

(Some Members came in shortly after.)

**Mr. Lalchand Navalrai**: I was sorry that at the moment I was referring to the paucity of Members, there was no quorum, but I am glad that there is a quorum now. Yesterday there was so much tussle about the Textile Bill, but today I find that on this important Finance Bill, there is a lesser number of Members on both sides. Yesterday there seemed to be as if a personal question was being debated, and we found the House so full and we found Diwan Bahadur Mudaliar calling names to many people while he was very eloquent in defending the cause of the millowners. I am only sorry that I do not find him here today.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): May I state in justice to Diwan Bahadur Ramaswami Mudaliar that he is not well. He is down with a little fever and influenza.

**Mr. Lalchand Navalrai**: I am very glad to learn (Laughter) the explanation.

**An Honourable Member**: Say you are sorry.

**Mr. Lalchand Navalrai**: Though I have to speak in his absence, I must say I did not like his taste in attacking Ahmedabad people or the Congressmen. I do not in the least agree with him about the principle which he was laying down and I am surprised it should have come from such an Honourable Member as Mr. Mudaliar. He said that these Congressmen have boycotted the House. They have not entered the House and they have no right to go to the Official Members or to ask the Government to give them their rights. I was really feeling that to lay down such a principle is ruinous to the whole country. If the Congressmen think that they will not or should not come to this House for certain reasons of their own, that does not mean that they should thereby be made to sacrifice all their other rights. If their rights are being trampled down and if they come to Government and ask for those rights to be safeguarded, in other words, if they are merely asking the Government to be only fair, then how are the Congressmen precluded from claiming their own rights in this regard? Sir, I will not go into that question now, but, I hope, in future, whenever a certain gentleman happens to be interested in a particular matter, he must not on that account malign others and refer to them or talk of them in such a discourteous manner. (Hear, hear.) Sir, I thought the Honourable Dr. Ziauddin Ahmad only learnt a certain lesson from a school in England, viz., that when a man has a bad case, he should meet his opponent by getting up to say that he was

speaking irrelevant. But I think there was one lesson which the Honourable Diwan Bahadur Ramaswami Mudaliar had also learnt, namely, that if one thinks that there is a bad case for him, he should go on calling others names. Sir, I submit that on that account it would not be graceful in this House to do anything of that nature,—and now I will come to the Finance Bill.

Sir, I regret to find that as much interest as is required to be taken in this Bill is not being taken at all. I am very sorry for that, because I find that most of the Members on the Treasury Benches are not there—as if this Finance Bill is being considered by Government to have connection only with the Finance Department. Sir, it is the taxes that we are asked to pass this Bill for; these are the taxes which provide money for all the Departments; otherwise these Departments cannot live. Therefore, as on the Finance Bill we have opportunities to express ourselves, not only in connection with the dealings of one Department, but of all Departments, it is necessary that those Honourable Members should be here in the House to hear our comments. Sir, I can say, for instance, that only very recently the Honourable Seth Haji Abdoola Haroon spoke with respect to Baluchistan and was referring to the very serious question of the peoples' rights there. Well, I think at that time the Foreign Secretary ought to have been here. It is no consolation to us that the debate will be carried to him, I am now in my own speech referring to one or two points which concern the Home Department, but I do not find any representative of the Home Department here—not even Mr. Sloan who is the Joint Secretary of that Department. Then, what I submit is that there ought to be more interest taken in this Finance Bill.

Coming then to the financial position of India, my learned friend, the Honourable the Finance Member, will forgive me if I say at the outset that the position is not a rosy one. I say that many of the Members of this House began congratulating the Honourable the Finance Member and they showered many praises on him on the score of his having brought out the Budget as a surplus Budget. But, Sir, I will not lag behind in congratulating my Honourable friend, but not on the same score or for the same reason. Sir, there is no doubt, as I will presently show, that the Budget of India is not a surplus Budget, but it is a deficit one. When I say that I will congratulate him and will join in the praises which have been bestowed on the Honourable the Finance Member, it is for this reason. One cannot forget to note that he had to deal with a great crisis, and in overcoming that crisis, I cannot but say that he succeeded by his skill and by his cleverness. (Hear, hear.)

**An Honourable Member:** It is a piece of good luck.

**Mr. Lalchand Navalrai:** I will tell you how it is not luck, but it is by dint of the skill, that cleverness that he possesses. Sir, who thought that it would ever occur to anybody that there is gold in India and that gold, even though it be distress gold, should we brought out? So he conceived that idea that it should be so arranged that all gold should go to England and other places and help England in discharging her debts—which she had to pay in gold—and, at the same time, he knew that the result of that would be no doubt to increase the purchasing power of India. So far as that latter idea goes, we are thankful to him, but what is the result of that? The position has come to be this. We gave out all gold, because the price rose from Rs. 22 up to about Rs. 30 and Rs. 31. People thought now that this was an occasion for making money, so they brought out gold, even

[Mr. Lalchand Navalrai.]

this distress gold that they had. Now, when the gold came out, and it was all exported, what had we? We certainly became richer at that time, but what was the result? The result was that we were able to make some foreign purchases, and there were more of imports into India than of exports from India. Now, I put the question as to who was benefited? Was it not an act of cleverness and skill on the part of the Honourable the Finance Member to get over the crisis in that way? He has even now brought to you a Budget showing that there is Rs. 1,29 lakhs surplus. Sir, the result was that there were more of imports and less of exports which is the vital key to our depressed condition. Now, what should have been done was that he should similarly have conceived and contrived some means whereby the prices of the commodities could have been raised here, and the volume of the exports for outside increased, in order to bring us more money. Sir, it was said, there were no markets outside; but, I ask, is it not that the markets outside can be created in the same manner in which the markets for *imports* into the country were established? So it does lie with the Honourable the Finance Member to increase the volume of our exports; and, Sir, then and then only he will go with laurels from India, otherwise he will be leaving behind India the poorer.

Sir, with regard to the decreased state of the exports, you will see that in his speech the Honourable the Finance Member has admitted the fact. He said:

"I may remind the House that whereas in the 10 years ending March 31, 1930, the value of India's exports and re-exports of merchandise averaged just under 326 crores, in 1930-31 that fell to just under 226 crores, in 1931-32 to about 160 crores, and in 1932-33 to 135½."

So, Sir, there are these things to be noted,—that the Budget, as it is, is not a surplus Budget. In the last year's Budget Estimates, it was proposed that Rs. 6,84 lakhs would be paid towards debt redemption and we know how much has in fact been paid, that is, only three crores. Well, that does not make our Budget a surplus one. We have yet to pay that debt. Besides, the Honourable the Finance Member got two crores of rupees more as contribution towards the Capitation Charges. Therefore, I submit that the Budget is a deficit Budget by 4,29 lakhs.

Now, Sir, the point is, how can the finances of the Government of India be improved? The country is being taxed more and more from time to time without improving its finances. That is not the right method of meeting the crisis or the deficit Budget. Therefore, I submit that the first and the foremost thing that the Honourable the Finance Member should do is with regard to the increase of these exports and with regard to the raising of the prices. We all depend upon agriculture and our industry is also being helped by agriculture, and I submit that every profession is being helped by agriculture. Therefore, agriculture is of primary importance and should be closely attended to.

Then, the Government of India adopted the other method of retrenchment. Sir, retrenchment was made, but I am sorry to say that here, again, the method adopted was not a good one. What they did was that the lower subordinates and the peons were retrenched, both with regard to the curtailment of number as well as pay. This is a very sorry plight. I do not say that these people should not have been affected at all, but what I mean to say is that there should be curtailment of the top-heavy Government. Can we say that any attempt has been made in that direction? I am conscious of the fact that reply is always given to us that it is the peons

and the subordinate employees who are very many in India, and, therefore, their retrenchment would bring in more money. But may I know, how many posts belonging to the upper class of Government servants or their allowances have been curtailed? It is the retrenchment of these officers that will also help the finances of India. Sir, no attempt is being made in that direction.

Let us go to the Army first. The Army Secretary is not here, but if he were here, I am sure, he would have said that no officer's post has been curtailed.

Let me now come to the Posts and Telegraphs Department. I am glad the Deputy Director-General is in the House and he would bear me out when I say that there has been no curtailment in the number of officers in his Department.

**Mr. S. P. Varma** (Government of India: Nominated Official): My Honourable friend is wrong. There has been proportionate—more than proportionate—curtailment of the number of gazetted officers of the Department.

**Mr. Lalchand Navalrai**: I would like to know which of the gazetted officers posts have been curtailed?

**Mr. S. P. Varma**: Beginning from the top, posts of Deputy Director-General, Deputy Chief Engineer, Assistant Directors-General, Superintendents and Assistant Engineers have been retrenched.

**Mr. Lalchand Navalrai**: Do you mean to say that the pay of these posts has been reduced or the posts have been abolished?

**Mr. S. P. Varma**: The posts have been retrenched.

**Mr. Lalchand Navalrai**: Retrenchment applies to pay also.

**Mr. S. P. Varma**: The posts have been abolished.

**Mr. Lalchand Navalrai**: May I then inform the House that only recently a post of a Deputy Director-General has been increased and sanction was asked for it from the Finance Committee the other day?

**Sir Cowasji Jehangir**: That has been explained.

**Mr. Lalchand Navalrai**: I do not know how it has been explained.

**Sir Cowasji Jehangir**: Sir Thomas Ryan explained that in his last speech.

**Mr. Lalchand Navalrai**: I would like to know that explanation if the Honourable Member remembers it. However, my Honourable friend, Mr. Varma, has made a statement, and I take it to be true. But I must say that even now attempts are being made for the creation of new posts, and I was referring to that point. Of course, I am not unaware of the fact that our late lamented friend, Sir Thomas Ryan, did try his utmost to see that economy was made in his Department, but, on the other hand, money is also being spent away in creating new offices. That is my grievance. I submit that, so far as the Imperial Services are concerned, we must also see that their number is curtailed. I know that

4 P.M.



[Mr. Lalchand Navalrai.]

the final word with regard to them is with the Secretary of State, but the Government of India should not sit quiet and allow him to continue the Imperial Services and curtail the number of lower officers.

Sir, the Army Secretary has come now, and I am very glad to see him. I shall also be glad to learn from him, as I learnt from the Deputy Director-General of Posts and Telegraphs, whether in his Department some higher officers, I mean officers at the top, have been retrenched in the sense that their appointments have been abolished. As he has not replied, I take it that they have not been retrenched. Sir, what I submit is this that the axe has been applied in a wrong manner. It should have begun with the curtailment of the officers at the top.

Now, Sir, the other point to which I would like to refer is the Tariff Board. This Board has been going on from year to year on the plea that such and such commodity has got to be investigated into. I would like to know on what basis it has been engaged? They have been carrying on their investigation with regard to iron and steel for a very long time. If there is a desire on the part of the Government of India to make economy, the work of the Tariff Board can be entrusted to those Departments who have got to deal with those various subjects. So it is much easier to do away with the Tariff Board. We are told that it would work for one year; but then it is continued for the next year, and, then, for another. In this way, it may be continued indefinitely. In the like manner, I have seen that in India several jobs are unnecessarily created. Every now and then special offices are created to find work for some one or other. Such people are engaged to carry on what is called expert investigation. These are all things which should be looked into, and as far as possible such sinecure posts should not be created.

Then, Sir, the next thing to which I should like to draw the attention of the Government is the question of granting subventions for dividing the Provinces. Sir, subvention is a vicious principle. It means that a Province should stand on the crutches of another, and the crutches may fall at any time, and the man will be lost. It is most unfortunate that this obnoxious principle of subventions is being introduced into India. Sir, this policy of granting subventions with a view to creating new Provinces must cease. In that matter, I must give credit to the Bombay Government as well as to the Government of India with regard to the question of the separation of Sind. Sir, the separation of Sind depends upon the question of finances. If there are no finances, it will be a grievous mistake to separate it, and that there are no finances, there can be no two opinions upon. Now, people are craving, after Sind, for separation of Baluchistan, of Orissa and then a claim is made for the separation of Karnatak, Malabar and probably many more districts will follow, but this is certainly a wrong policy to subsidise and divide the Provinces. Subvention was given to the North-West Frontier Province for certain political and strategic reasons, still that Province is now asking for more money. I read recently that the Government of that Province has asked for more money as they are unable to carry on with the administration with the finances already given to them by the Government of India. This is all the result of subventions having been introduced. The Government of India know all this, but it seems they are not listened to. I would, however, submit that it is the duty of the Government of India not to allow the Secretary of State and the British Government to do a wrong thing for which they may have to repent later. The British people are far far aways, they live six thousand miles away from here, and the moment

they hear of some slight trouble, they get nervous, so it is the duty of the Government to point out to the Home Government and the Secretary of State that it is a wrong policy to separate Provinces and give them subventions.

Then, Sir, coming to the question of taxation, I must first of all point out that in these days of depression the agriculturist, who is the backbone of the country, is not able to get even one meal a day. In these days, he is not able to pay his assessment that is asked of him. Therefore, there ought to be a reduction of the assessment, and though this is a provincial question, I feel that now this has become more or less an All-India question, and it is for the Government to consider how best they can help the poor agriculturists. Sir, these agriculturists are in debt. In my part of the country, the agriculturist is wholly in the hands of the zamindars. He has got no holding of his own, and he is more or less a labourer, and is always in debt. Even in these days, when the produce has increased, there is no market for it; still if one sees how these poor tenants are treated, it would cause him great pain and distress. Whenever these tenants go for the *batai* which means the distribution of the produce, they are told that they should not take away the produce even for their own livelihood before they pay up the arrears of their debt, and thus these poor people are always in difficulties. Therefore, I urge that Government should come forward and help these poor agriculturists, and only then there will be some salvation for them.

With regard to the question of raising of prices, Sir, I knew of a time when rice was being sold in Sind at Rs. 14 a maund. Now, the best rice is being sold at Rs. four or Rs. five and paddy is now selling in Sind at about Rs. two. Now, how are the people to live? Therefore, it is absolutely necessary that the Provincial Governments and the Government of India should sit together and concert some measures in order to help the agriculturists and relieve the country from distress.

Then, Sir, coming to the question of surcharge on income-tax, it was first stated that surcharge was imposed only for a temporary period of one and a half year. We were clearly given to understand that this surcharge was levied only to meet a temporary crisis, and it was expected that the people would be relieved of this impost when the crisis was over. Now, Sir, the Honourable the Finance Member said the other day that there was a surplus of 1,29 lakhs. If that is so, why should they not remove the surcharge? I know my Honourable friend will say that this surplus of 1,29 lakhs is needed for Bihar relief. I do not grudge that in the least, but my contention is, if the times have improved,—why not remove the surcharge? But since no attempt is made to remove the surcharge, I feel that the surplus that is shown to us is a Budget manipulation. The Treasury Benches should realise that there ought to be larger exports from India and there should be a market for our produce; until then there can be no relief to our country.

Then, coming to the question of the duty on sugar and matches,—of course there are separate Bills, and when they come up, we shall have our say,—but on the present occasion I shall briefly say that I am entirely in favour of the indigenous industries being helped and promoted by the Government. We know that India was self-sufficient and self-contained with regard to her requirements, and I was very glad to see that an attempt was being made to foster indigenous industries,—and for this I must say that credit was due to the Government,—to develop industries

[Mr. Lalchand Navalrai.]

like sugar, matches and things of that kind. Therefore, it was a right move that the Government have taken in trying to develop the sugar industry by means of granting protection. This industry is still in an incipient stage, and it is most unfortunate that an excise duty is proposed for sugar which is likely to kill this industry long before it is able to raise its head. It has not yet been able to stand on its own legs. The Government have still to wait and watch the results before trying to impose any duties which are likely to cripple them. Government should see that India becomes not merely self-sufficient in regard to sugar production, but that she is able also to export it to foreign countries. When, as I have said, this infant sugar industry is not yet fully stabilised, why should Government think of levying a duty on sugar? Sir, the excise duty on sugar will tell heavily on the growth and expansion of this industry. It may be that there are some people in the industry who take undue advantage of the ignorance of the sugar-cane growers and deprive them of the prices for canes that are legitimately due to them, but for things like that Government can take suitable remedial measures, but why they should attempt to impose an excise duty now, I cannot understand.

Then, with regard to matches. This is also a new industry in India, and I do not see why this industry should be killed in that manner by the imposition of an excise duty.

Then, I come to the postage. The grievance for a long time has been that the poor man is being affected by a duty on postcards. So far as these cards are concerned, I submit that it is the poor man who uses them, and I think the figures must show whether, on account of the price having been increased from six pies to nine pies, there has been a gain or whether the number of postcards sold has decreased. But the point is, why should not there be a decrease in the price of postcards as in the case of envelopes? With regard to the envelopes also, I realise that you are giving with one hand and taking away with the other, because, although the price will be one anna, the weight will be reduced to half a tola. And what is half a tola? It will carry only as much as you can write on a card. Then, Sir, Government are using and private people are also nowadays using thick paper and thick envelopes. These must weigh more than half a tola, and, therefore, there will be a decrease in the import of this kind of paper and there will be a loss to Government, in another direction. Then, I pass on to the book-post packets. With regard to these also, formerly for five tolas they charged one anna and now it is being raised to one anna and six pies. The fear was expressed that people enclose their letters in these book-post packets, but that is very easy to find out because the two sides of a book post are open and this can be detected. So it is not fair to increase the duty instead of checking the alleged evil.

Then, there is another matter which strictly does not appertain to the Finance Bill, and that is with regard to the commission on money orders. This commission is being charged under certain rules, but there is so much injustice and iniquity that these rules should be revised. I will just give you an example. You know, Sir, that on a money order of Rs. 100 we pay a commission of one rupee. Compare that with the rate in the Imperial Bank which charges only four annas on drafts and the other Banks also charge the same or even less. I can send Rs. 100 through

a Bank and pay only four annas as commission, whereas, if I send it through a post office, I have to pay one rupee. Where is the justice in it? If this is done, the Postal Department will surely suffer when the number of Banks increases under the Reserve Bank scheme. Government should, therefore, see the disparity between the two rates and change the rules, otherwise it will be sheer injustice.

Then, I will refer to the duty on hides and skins. I am thankful to the Honourable the Finance Member for removing this export duty on hides, but I do not see why a distinction should be made between hides and skins. I read through the speech of the Honourable Member, but I could not find out the cause of this distinction. From the Tariff Act I find that "skins" mean the skins of goats, and "hides" are the skins of bulls or buffaloes. What is the philosophy of this distinction except that skins are of smaller animals and hides are of bigger animals?

**The Honourable Sir George Schuster** (Finance Member): There is no difference in philosophy about that. I referred to the practical fact that the skin trade showed signs of recovery which we do not find in the case of the export of hides, and we felt that the hide export trade needed some assistance.

**Mr. Lalchand Navalrai**: The point I wanted to make is, how is it that the duty on skins would affect Government very much? However, I will leave it for my mathematician friend, Dr. Ziauddin, to make his calculations on this.

Then, I come to copra and cocoanut. This is also an industry of India, and I see that Madras, Karachi and Bombay have got cocoanuts and they have industries of this cocoanut oil. I do not understand why the protection that was given to this industry is going to be reduced. The protective duty on copra which was formerly Rs. 10 is now being reduced to Rs. 9, and a big jump is going to be made so far as cocoanut is concerned. The protection has been brought down from Rs. 15 to Rs. 12-8-0. Representations have been made from Madras, Karachi and Bombay that the industry will be very much affected and I hope that the Honourable the Commerce Member will give his sympathetic attention to the matter and not remove that protection as the removal will do harm to the Indian industry.

I shall now close my speech with one matter which I would like to bring before the House. It concerns all Departments of the Government and that is with regard to the power of superintendence which the Government of India have over the Provinces. I wish the Honourable the Home Member and his Joint Secretary had been here, but I want to point out that the Government of India have left everything to the Provinces and are not exercising that power of superintendence which they have under the Government of India Act. I would be glad if the Constitution were such that all responsibility is with the Provinces: and when they become autonomous it will not lie in my mouth and it will not even be right on my part to make any protest like the one I am now making. But until that time comes—which I do not see is very near—I submit there are matters in which the Government of India must exercise this power. I will take a typical case. The House knows that Mr. B. R. Puri moved a motion for adjournment over a certain article which appeared in an Anglo-Indian paper, the *Daily Gazette* of Karachi. The question was raised whether it was right for that paper to write disrespectfully of

[Mr. Lalchand Navalrai.]

Mahatma Gandhi who is so much revered in this country: the Honourable the Home Member said that it was within the province of the Bombay Government to take action. The House did see at that time that the responsibility was with the Bombay Government. The question, however, had been brought up here, only because the Bombay Government had not taken any action, nor had the Commissioner in Sind, who was the man on the spot, taken any action. The papers were sent to the Bombay Government and we were given to understand that the Bombay Government would realise their own responsibility. The question is whether that Government have realised their responsibility and whether it was not the proper thing for this House to give relief. On that point the matter was pursued by an M. L. C. in the Bombay Council, and this is what happened.

Mr. S. S. Tolani asked:

“Will the Honourable the Home and General Member be pleased to state:

(a) whether the attention of Government has been drawn to questions and answers on the adjournment motion in the Legislative Assembly in its Autumn Session of 1933, regarding the *Daily Gazette* of Karachi and whipping to Mahatma Gandhi;

(b) whether it is a fact that the Government of India undertook to send all proceedings in this connection to the Bombay Government to take such action as it deemed fit;

(c) if so, what action the Bombay Government has taken in the matter?”

Now, comes the reply, and it will show how far the Government of Bombay realised their responsibility in the matter as we were told would be exercised, and how far the power of superintendence of the Government of India is being properly exercised. The reply was:

“Honourable Mr. R. D. Bell: (a) Yes.

(b) They undertook to convey the proceedings of the Legislative Assembly to this Government for information.

(c) The proceedings were sent to the Commissioner in Sind for information.”

This is what the Provincial Governments do. Then Mr. Tolani asked:

“In reply to (b) and (c) it is stated that the Government of India undertook to convey the proceedings of the Legislative Assembly to this Government for information only. Has the Honourable the Home Member gone through the debates of the Legislative Assembly that took place on 12th September, 1933, regarding this motion and the questions and answers on that subject?”

Honourable Mr. R. D. Bell: Yes, Sir.

Mr. Tolani: Is there no mention in the proceedings that the Government of India would forward the proceedings to this Government to take any action in the matter they deemed fit?

Honourable Mr. R. D. Bell: Well, Sir, I did not see the exact words used by the Honourable Member. The proceedings were ultimately sent to the Government.

Mr. S. S. Tolani: Not for any action?

Honourable Mr. R. D. Bell: I am merely quoting the words of the communication received from the Government of India.”

—How evasive!—

“Rao Bahadur G. K. Chitale: May I know whether the Government have even expressed their disapproval of this tendency developing among the newspapers?

Honourable Mr. R. D. Bell: I understand the question to be whether Government have expressed their disapproval of this article. Government expressed no opinion about it whatsoever.”

This is what happened. The Government made a declaration here that the Bombay Government were responsible; and here is a flagrant instance that they are not exercising their responsibility and leaving these things like that and passing it on to the Commissioner, and the Commissioner probably passes it on to his waste paper basket. Are we then merely to ask questions? Is it not more or less negligence on the part of the Bombay Government? I submit that the Government of India should make it clear to the Bombay Government that when papers are sent to them even for information, it means action. One way or the other action must be taken. The Government may say that the newspaper in question is not liable, or they may say that the newspaper is not to be censured, but to say that the Government of Bombay are doing nothing in the matter is, I submit, far from the responsibility which the Government of Bombay are expected to discharge and far from the powers of superintendence and control which the Government of India are expected to exercise over the Government of Bombay. Sir, with these words, I close.

The Assembly then adjourned till Eleven of the Clock on Monday, the 19th March, 1934.