

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 21st MARCH, 1934

Vol. III—No. 9

OFFICIAL REPORT



CONTENTS.

Questions and Answers.

Unstarred Questions and Answers.

Death of Pandit Shamlal Nehru.

Election of the Standing Finance Committee.

The Indian Finance Bill—Discussion on the consideration of clauses not concluded.

NEW DELHI : PRINTED BY THE MANAGER
GOVERNMENT OF INDIA PRESS : 1934

Price Five Annas.

LEGISLATIVE ASSEMBLY.

Wednesday, 21st March, 1934.

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

QUESTIONS AND ANSWERS.

†535*

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

536. *Mr. S. C. Mitra: Will Government be pleased to state whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be divided into two grades, viz., assistants and second division clerks? If so, will Government be pleased to state (i) the number proposed for the assistant's grade, (ii) the number of Hindus, (iii) the number of Muslims, and (iv) the number of other communities in the revised grade of assistants?

The Honourable Sir Frank Noyce: With you permission, Sir, I propose to deal with questions Nos. 536 to 538, 540 and 541 together, as all these relate to the strength and pay-scales of the clerical staff of the office of the Director General of Posts and Telegraphs.

The actual position is that while there is no question of any general revision of the scales of pay of the existing permanent incumbents of the clerical posts in the above office or of their transfer to scales of pay lower than those held by them substantively, the introduction of revised scales of pay for Attached Offices of the Government of India generally including the above office is under examination but I am not at present in a position to make any pronouncement as to the details of the proposals. As stated in paragraph 108 of the Report of the Posts and Telegraphs Sub-Committee of the Retrenchment Advisory Committee, 1931 (a copy of which is in the Library of the House), the numerical strength of the clerical staff of the office of the Director General of Posts and Telegraphs was last investigated by a special Departmental Committee and the number of assistants now is 74 including three supernumeraries. Existing permanent incumbents of the clerical posts on promotion from one grade to another will continue to be eligible for the existing scales of pay.

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

‡537. *Mr. S. C. Mitra: (a) Will Government be pleased to state:
(i) the present number of assistants in the office of the Director General, Posts and Telegraphs;

†This question was withdrawn by the questioner.

‡For answer to this question, see answer to question No. 536.

- (ii) whether the present strength of the assistants in the office of the Director General, Posts and Telegraphs, was fixed by the Coburn Committee after inspection;
- (iii) whether that strength was fixed in accordance with the importance of work dealt with by assistants; and
- (iv) whether a redistribution of the present strength of assistants into two different grades, viz., assistants and second division clerks, is under contemplation under the revised scales of pay?

(b) If the reply to part (a) (i), (ii), (iii), and (iv) be in the affirmative, will Government be pleased to state whether the present assistants will not be allowed to retain their present designation of assistants, and whether they will suffer in pay, status or prospects in any way?

(c) If the reply to part (b) be in the affirmative, will Government be pleased to state whether they are aware that there is discontentment among the present assistants in that office?

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

†538. *Mr. S. C. Mitra: (a) Will Government be pleased to state:

- (i) whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be divided into two grades, viz., assistants in the scale of pay of Rs. 140—400 and second division clerks in the scale of pay of Rs. 120—350;
- (ii) whether a new grade of second division clerks in the scale of Rs. 80—200 is being introduced in the office of the Director General, Posts and Telegraphs;
- (iii) whether it is a fact that under the existing orders, the revised scale of pay is neither to affect adversely officials appointed before July 1981, nor to disturb their existing line of promotions; and
- (iv) whether the present grade of assistants, carrying a scale of pay of Rs. 120—350, will be abolished in the office of the Director General, Posts and Telegraphs on the introduction of the new scale of pay?

(b) If the reply to part (a) (i), (ii), (iii), and (iv) be in the affirmative, will Government kindly state to which grade and to which scale of pay a clerk appointed before July 1981 in the office of the Director General, Posts and Telegraphs, will be promoted after the introduction of the revised scale of pay?

†539.*

† For answer to this question, see answer to question No. 536.

‡ This question was withdrawn by the questioner.

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

†540. ***Mr. S. C. Mitra:** (a) Will Government be pleased to state whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be redistributed into two different grades, viz., assistants and second division clerks?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state whether recruitment or promotion in the proposed grade of assistants will remain blocked for a long time? If so, how long will it take for a present clerk, or a proposed second division clerk, to get promotion to the proposed grade of assistants?

ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

†541. ***Mr. S. C. Mitra:** Will Government be pleased to state whether the present number of assistants in the office of the Director General, Posts and Telegraphs, is proposed to be divided into two grades, viz., assistants and second division clerks? If so, will Government be pleased to state whether a certain number of the present assistants will be selected for the proposed grade of assistants and whether the rest will be reverted to the proposed grade of the second division clerks? If so, what are the criteria fixed?

RE-INSTATEMENT OF MR. H. N. SINHA, DISCHARGED HEAD MASTER, EAST INDIAN RAILWAY SCHOOL, DINAPUR.

542. ***Pandit Satyendra Nath Sen:** (a) With reference to the statement made by Mr. C. P. Colvin in his speech on the 24th February on the motion regarding "system of appeals" that a guard (meaning a non-gazetted railway employee) has no right of appeal to the Railway Board, will Government please explain how they reconcile it with the following reply given by Mr. P. R. Rau to my starred question No. 796, dated the 20th March, 1933:

"Mr. Sinha's appeal was entertained by the Railway Board and orders were issued that he should be re-appointed in a next suitable vacancy"?

(b) Is there any age-limit for appointment of teachers in the East Indian Railway schools? If so, what is it, and since when has it been introduced? If not, what does Mr. P. R. Rau mean by saying the following regarding the re-appointment of Mr. H. N. Sinha in reply to my question referred to above:

"At the time his re-appointment was being considered it was discovered that he was over-age and consequently he was not appointed"?

(c) Is it a fact that long after the discharge of Mr. H. N. Sinha, the head Persian teacher of the Dinapore School retired at the age of 70? If so, what is the reason for this differential treatment?

Mr. P. R. Rau: (a) Mr. Sinha's case was reviewed by the Railway Board as a special case though he had no right of appeal.

†For answer to this question, see answer to question No. 536.

(b) and (c). When I said that Mr. Sinha was over-age I meant that he was over 55 years of age. Government have no information about the other case and do not consider that it is necessary to obtain it. I might explain that an opportunity arose in 1932, to re-employ Mr. Sinha in a vacancy that arose in the Headmastership of the East Indian Railway Middle School, Mughalsarai, but the Government of the United Provinces who were consulted in the matter said that as he was over 55 years' of age and was not fully qualified for the post of Headmaster of a middle school, they did not consider it desirable that he should be appointed to that post especially in view of the fact that there were many suitable and qualified men available. In the circumstances, the Railway Board could do nothing for Mr. Sinha.

Pandit Satyendra Nath Sen: Does the Honourable Member think that the guard referred to by Mr. Colvin who helped the Government of India in times of need during the Great War did not deserve the special treatment to which Mr. Sinha was entitled?

Mr. P. R. Rau: My Honourable friend is aware that the case of the guard was reviewed by the Railway Board.

PAY OF ASSISTANTS AND ACCOUNTS CLERKS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

543. ***Mr. S. G. Jog:** (a) Is it a fact that the scale of pay of Assistants and Accounts Clerks in the Central Public Works Department Office is Rs. 95—5—120—8—200?

(b) Is it a fact that the scale of pay of Assistants and Accounts Clerks in the Executive Engineers' Offices under the Central Public Works Department, New Delhi, is Rs. 95—5—120—8—200?

(c) Will Government be pleased to state what is the number of Assistants and Accounts Clerks in the Central Public Works Department Office and in the Executive Engineers' Offices in this cadre?

(d) Will Government be pleased to state how many Assistants and Accounts Clerks have reached the stage of Rs. 120 in this scale both in the Central Public Works Department Office and in the Executive Engineers' Offices and the date of their doing so?

(e) Is it a fact that those in the Executive Engineers' Offices, who have reached the stage of Rs. 120, have not been allowed to cross this bar? If so, why?

The Honourable Sir Frank Noyce: (a), (b), (c) and (d). A statement giving the information asked for by the Honourable Member is placed on the table.

(e) Yes. Only Head Clerks in Divisional Offices are allowed to cross the bar. This is a rule of long standing in the Central Public Works Department. The same principle has been adopted in fixing the future rates of pay.

Statement showing the old and new rates of pay of Assistants and Accounts Clerks in the Central Public Works Department.

Class of Posts.	Scales of pay in Central Office.		Scales of pay in Divisional Offices.		Central Office.	Divisional Offices.		
	No.	Old Scale.	New Scale.	No.			Old Scale.	New Scale.
Assistants	1	120-8-160-10-300	Rs. } 100-5-150 } -10-200.	10	Rs. 95-5-120-8-200 (Assistants).	Rs. 40-5/2-90 (Clerks).	3 (from 1st March, 1933).	{ 2 from 1st March, 1930. } 1 from 1st March, 1932. { 4 from 1st March, 1933.
	21	95-5-120-8-200						
	1	70-5-85-7-120- -8-200.						
Accounts Clerks	9	(i) 51-3-75-4-95	Rs. } 40-3-70- } 4-110.	38	(i) 51-3-75-4-95 (ii) 95-5-120-8- 200. (iii) 51-3-75-4- 95-5-120. (iv) 51-3-75-4-95 -5-120-8-200. (v) 75-4-115-4- 155-6-175.	40-3-70- 4-110.		
	5	(ii) 51-3-75-4-95 -5-120.						
	2	(iii) 51-3-75-4- 95-5-120-8-200.						
	1	(iv) 75-4-115-4- 155-6-175.						

NOTE.—The above excludes leave reserve posts which have not yet been filled substantively. It also excludes Central India and Rajputana staff which is to be included in the Permanent Cadre of the Central Public Works Department.

PAY OF CLERKS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

544. ***Mr. S. G. Jog:** (a) Is it a fact that the scale of pay of clerks in the Central Public Works Department office and in the Executive Engineers' offices is Rs. 51—3—75—4—95?

(b) Will Government be pleased to state the number of clerks both in the central office and in the Executive Engineers' offices who have reached the maximum and the date of their doing so?

(c) Will Government be pleased to state for how long they propose to detain these men who have reached the maximum in this scale?

The Honourable Sir Frank Noyce: (a) The old scale of pay is as stated by the Honourable Member except in the case of the staff transferred from the late Simla Imperial Circle and one post recently transferred from Central India. The new scale of pay is Rs. 40—5/2—90.

(b) Thirty-two as shown in the statement which I lay on the table.

(c) Persons who have reached the maximum of a grade naturally remain there unless and until they are promoted. There is no question of "detention".

Clerks who have reached the stage of 95 in the scale of Rs. 51—3—75—4—95 and the dates of their doing so.

	1929	1930	1931	1932	1933	Total
Central Office .	1	3	2	3	4	13
Divisional Offices	1	4	6	..	8	19
Total .	2	7	8	3	12	32

APPLICATION OF THE REVISED SCALES OF PAY TO THE ARMY HEADQUARTERS EMPLOYEES.

545. ***Mr. Badri Lal Rastogi:** With reference to the replies to starred questions Nos. 1068 and 1374, dated the 21st November, 1933, and the 11th December, 1933, respectively, will Government be pleased to state:

(a) whether the Routine Division Clerks who qualified in the competitive examination held by the Public Service Commission in February, 1931, and who secured posts after 27th September, 1931, in the Army Headquarters have now been confirmed in the old scales of pay;

(b) whether they will be given the benefit of old leave and pension rules;

(c) whether for all intents and purposes, e.g., for the purpose of promotion to higher divisions and posts, on deputation, etc., they will be treated in the same way as the old incumbents who were in permanent service before the 27th September, 1931; and

(d) if the answers to parts (b) and (c) above be in the affirmative, whether they propose to issue clear orders on the subject?

Mr. G. R. F. Tottenham: (a) to (d). Yes.

CHARGES FOR MEALS OF HAJ PILGRIMS ON SHIPS.

546. *Mr. Uppi Saheb Bahadur: (a) Will Government be pleased to state the charge for meals of Haj pilgrims on board the steamer for "A" class and "B" class food?

(b) Will Government be pleased to state:

- (i) who fixed the charges;
- (ii) what is the maximum charge fixed by law;
- (iii) whether the catering is done by the shipping company itself, or it has been let out to any private agency;
- (iv) if the catering has been let out, whether the shipping company called for any tenders; if so, the quotations of different tenderers;
- (v) whether the accepted rate is the lowest tendered rate; if not, why the lowest rate was not accepted;
- (vi) if they have no information, whether they are prepared to enquire and state the facts; and
- (vii) whether Government are aware that higher rates hit the pilgrims?

Mr. G. S. Bajpai: (a) A statement is laid on the table.

(b) (i) The charges were fixed by the shipping company in consultation with the Government of India.

(ii) No maximum is fixed by the law.

(iii) Catering is done by contractors engaged by the shipping company.

(iv) Government understand that the shipping company did not call for tenders.

(v) and (vi). Do not arise.

(vii) Government do not consider that the present rates are unreasonable.

Statement.

Port of departure.	Scale of food.	Food charges for single journey.		Food charges for journey both ways.	
		Per pilgrim of the age of ten years and over.	Per child under ten years of age.	Per pilgrim of the age of ten years and over.	Per child under ten years of age.
		Rs.	Rs.	Rs.	Rs.
Bombay . . .	"A" Scale	12	6	24	12
	"B" Scale	8	4	16	8
Karachi . . .	"A" Scale	9	4½	18	9
	"B" Scale	6	3	12	6
Calcutta . . .	"A" Scale	17	8½	34	17
	"B" Scale	12	6	24	12

Mr. M. Maswood Ahmad: Is it a fact that the tender was first accepted by the shipping company and then the rate was placed before the Conference that met in Simla?

Mr. G. S. Bajpai: I have already stated that no tenders were called for.

Mr. M. Maswood Ahmad: Is it a fact that the Company asked for the tenders first, and when they ascertained and accepted certain tenders, that question was discussed by the Government of India at the Simla Conference?

Mr. G. S. Bajpai: I have already stated, and I can only repeat, that no tenders were called for.

Mr. M. Maswood Ahmad: Is it not a fact that the tender for Rs. 16 for the whole journey was submitted to Messrs. Turner Morrison and Co.? Is it incorrect?

Mr. G. S. Bajpai: I understand that a letter was sent to Turner Morrison and Co., after the rate had been fixed by somebody who was prepared to cater for Rs. 16.

Mr. Uppi Sahab Bahadur: Is it a fact that the man who succeeded in the tender is one related to somebody in the Company?

Mr. G. S. Bajpai: I am afraid I have no information regarding the relationship between the tenderers and the Directors of the Companies.

Mr. M. Maswood Ahmad: Is it a fact that the man who was successful in getting this contract is a relative of a member of the Port Haj Committee?

Mr. G. S. Bajpai: I answered the first question, which was as to whether there was any relationship between the caterer and the Company. I have to give the same answer to my Honourable friend's question, namely, that I have no information.

Mr. M. Maswood Ahmad: Do Government propose to inquire into this matter?

Mr. G. S. Bajpai: There is a Port Haj Committee in Bombay which is functioning. It is open to them to go into the matter and draw the attention of the Government.

Maulvi Muhammad Shafee Daoodi: Was any attempt made by the Government of India to find out beforehand what was the reasonable charge for the meals, that would be collected from the pilgrims?

Mr. G. S. Bajpai: I may inform my Honourable friend that I went down to Bombay last year in May, to examine this question as to what would be a reasonable rate, and that Government agreed to the rates fixed by the shipping company as a result of the inquiry which I made on that occasion.

Kunwar Hajee Ismail Ali Khan: Did Government receive any information from the Bombay Haj Committee that the rates were excessive?

Mr. G. S. Bajpai: Government have received no such representation from the Bombay Haj Committee.

Mr. M. Maswood Ahmad: Do Government propose to advertise in future when these contracts are to be given to different contractors?

Mr. G. S. Bajpai: It is not Government who advertise, but the shipping companies.

Mr. Uppi Saheb Bahadur: Will Government ask the shipping companies to give sufficient publicity before tenders are accepted?

Mr. G. S. Bajpai: The position, as I explained to my friend, Maulvi Shafee Daoodi, is that, after the inquiry we conducted in Bombay, we came to the conclusion that the rate of one rupee a day for two meals and two teas, and ten annas a day for one meal and one tea was not excessive. At that time, there was no communication really from any source that lower rates would be or could be charged. Subsequently, it has been brought to the notice of the Government that somebody is prepared to do the thing for Rs. 16. We cannot interfere at this stage. This pilgrimage season must work under the existing arrangement, and, subsequently, it will be open to the Standing Haj Committee here as also the Haj Committee in Bombay to suggest to Government whether a revision is called for.

Mr. M. Maswood Ahmad: Do Government propose to put this matter before the Standing Haj Committee?

Mr. G. S. Bajpai: I am quite prepared to consider that suggestion, Sir.

CHARGES FROM HAJ PILGRIMS FOR LOADING AND UNLOADING THEIR LUGGAGE.

547. ***Mr. Uppi Saheb Bahadur:** (a) Will Government be pleased to state whether it is a fact that shipping companies are charging an additional charge of Rs. 3 from Haj pilgrims for loading and unloading the passengers and their luggage? If so, when did this imposition begin?

(b) What is the special reason for this new charge?

(c) What was the previous arrangement for loading and unloading pilgrims and luggage?

Mr. G. S. Bajpai: (a) Yes. The arrangement has been in force as an experimental measure since the pilgrim season of 1932-33.

(b) and (c). Formerly pilgrims were left to make their own arrangements at Jeddah and to bargain with private boatmen for the transport of themselves and their luggage from ship to shore and *vice versa*. As this system was reported to involve inconvenience, confusion and loss, it was considered that it would be to the advantage of pilgrims if the shipping company could take over the responsibility for the transport arrangements.

Mr. M. Maswood Ahmad: Is it a fact that a man was killed owing to the negligence of the Company when the luggage was taken from the ship to the small boat to be sent to Jeddah?

Mr. G. S. Bajpai: I submit that that question does not arise out of this.

Mr. Uppi Sahab Bahadur: May I know whether Government are aware of the fact that pilgrims are themselves able in many cases to unload their things at Re. one and Rs. 1-4-0?

Mr. G. S. Bajpai: No, Sir. The action of Government in this matter has been taken in conformity with the recommendations of the Haj Committee as also of the local authorities of Jeddah. They are not aware that anybody is able to do this thing satisfactorily for Rs. 1-4-0.

Mr. M. Maswood Ahmad: Is it a fact that special care is taken by the Company when loading and unloading the goods?

Mr. G. S. Bajpai: I hope so, Sir.

Dr. Ziauddin Ahmad: May I ask whether the charge of Rs. three is uniform, irrespective of the fact whether a man has got no luggage or very little luggage, or they are charged according to the packages a person has got?

Mr. G. S. Bajpai: My Honourable friend, if he will read my answer, will find that the charge does not merely relate to the conveyance of luggage, but also to the conveyance of the individual.

**PROMOTIONS AND APPOINTMENTS IN THE GOVERNMENT OF INDIA PRESS,
NEW DELHI.**

548. ***Rao Bahadur B. L. Patil:** (a) With reference to the reply to starred question No. 164, asked by Lala Rameshwar Prasad Bagla on the 19th February, 1934, will Government please state whether the Controller of Printing and Stationery is the officer charged with the duty of making promotions and appointments in the clerical establishment of the Government of India Presses?

(b) Is it a fact that in making promotions and appointments in the clerical establishment of the Government of India Press, New Delhi, the Controller of Printing and Stationery has to rely on the reports made by the New Delhi Press?

(c) Will Government please lay a statement on the table of this House showing the dates of promotion and the dates of termination of probation, of the men promoted to the posts of assistants and upper scale clerks in the Government of India Press, New Delhi, since September, 1933?

The Honourable Sir Frank Noyce: (a) Yes.

(b) Due consideration is given by the Controller to reports submitted by the Manager of the Press.

(c) One man was promoted as Assistant on 1st September, 1933, and terminated his probation on 28th February, 1934. Another was promoted as clerk on 29th December, 1933, and is still on probation.

UNSTARRED QUESTIONS AND ANSWERS.

BANK CHEQUES ISSUED AND PAID.

220. **Mr. S. C. Mitra:** (a) Will Government be pleased to furnish a statement showing the total number of money orders (i) issued and (ii) paid, with their respective values, during the year 1932-33?

(b) How many of these money orders were issued and paid from the Bengal and Assam Circle (excluding Calcutta) and from Calcutta, respectively, and what was the total value? What was the percentage of these money orders as compared with the total number for the whole of India?

(c) Out of the total Savings Bank Accounts of 689,676 in the Bengal and Assam Circle in the year 1932-33, how many accounts were at Calcutta and what was the percentage?

The Honourable Sir Frank Noyce: (a) The information is given below:

	No.	Value. Rs.
Issues	36,715,000	76,21,99,000
Payments	37,093,000	78,80,38,000

(b) and (c). Information is being collected and will be laid on the table in due course.

AMOUNT REALISED FROM INLAND AND FOREIGN TELEGRAMS.

221. **Mr. S. C. Mitra:** (a) Is it a fact that during the year 1932-33 inland and foreign telegrams to the value of Rs. 1,92,15,000, were dealt with by the Telegraph Department?

(b) If so, will Government please state how on the receipt side of the Telegraph Branch a sum of Rs. 2,55,60,062 has been shown, being Rs. 1,55,13,022 as telegraph share of sale of postage stamps and Rs. 1,00,47,040 telegraph charges realised in cash?

The Honourable Sir Frank Noyce: (a) No; the figure quoted by the Honourable Member is that for *net* message revenue.

(b) The sums of Rs. 1,55,13,022 and Rs. 1,00,47,040 represent the gross receipts of the Telegraph Branch on account of the telegraph share of sale of stamps and telegraph charges realised in cash, respectively. The sum of Rs. 1,92,15,000 represents the net receipt, *viz.*, Rs. 1,90,28,297 as shown at the bottom of page 37 of the Annual Report *plus* Rs. 1,86,984 shown in page 40 thereof the latter being the net message revenue of the Radio Branch.

NEW ROADS, PARKS AND PLACES OF RECREATION CONSTRUCTED IN DELHI.

222. **Mr. S. G. Jog:** Will Government please state how many new roads, parks and places of recreation have been constructed in Old Delhi and New Delhi during the last three years? How many of these roads, parks and places of recreation have been named after some important personages, and how many are not so named? Will Government please state to what authority suggestions in the matter should be forwarded?

Mr. G. S. Bajpai: An answer to the first two parts of the question will be laid on the table as soon as certain information which has been called for is received. As regards the last part I would inform the Honourable Member that suggestions should be made to the Municipality concerned.

**DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE
GREAT WAR.**

223. Mr. S. G. Jog: (a) Will Government be pleased to refer to their answer to parts (a) and (e) of starred question No. 1544, dated the 5th December, 1932, stating that the rule, given in bracket (commencement of pension with effect from the date on which an individual ceases to be borne on the effective establishment), applies only to pension claims prescribed in para. 44 of the Financial Regulations. Part I?

(b) Will they please state in what way the preferment of claim referred to in starred question No. 838 of the 21st March, 1933, violated the limitation prescribed in para. 44 referred to in part (a) above?

(c) Are there not more than one official acknowledgment of the individual's claim being preferred by him?

(d) Will Government please refer to unstarred question No. 290 of the 29th March, 1932, in which their attention was drawn to the prevalence of a practice in the Army Department, Government of India, in accordance with which proved and acceptable claims were admitted by them with effect from any date that they chose, and to their reply which was in the negative?

(e) To what extent do Government intend to abide by their own regulations, answers to questions given in this house and by their orders on the first part of Recommendation No. VII of the War Pensions Committee?

(f) Have they not accepted Recommendation No. VII, given in bracket (A pension sanctioning authority may grant full arrears if he is satisfied with the explanation for the delay) stating "this part of Recommendation is in conformity with the existing practice"?

Mr. G. R. F. Tottenham: The question is being examined and a reply will be laid on the table in due course.

CLERKS WORKING IN CERTAIN OFFICES.

224. Mr. Bhnput Sing: (a) With reference to Sardar Sant Singh's starred question No. 1456, dated the 20th December, 1933, will Government be pleased to lay on the table a statement showing the names, and the Provinces which they belong to, of the clerks working in the following offices:

- (i) Central Board of Revenue,
- (ii) Imperial Council of Agricultural Research,
- (iii) Railway Clearing Accounts, and
- (iv) Director General, Indian Medical Service?

(b) With reference to part (d) of Sardar Sant Singh's question referred to in part (a) above, will Government be pleased to state the names of the recruiting officers for the above-mentioned offices? If not, why not?

The Honourable Sir Harry Haig: (a) The information, which could only be obtained with considerable labour, is not of a kind which it seems to me reasonable for Government to supply. As has been explained on

several occasions in this House, the Government of India have not undertaken to secure representation for Provinces in the services under their control which are recruited on an all-India basis.

(b) I place on the table a statement showing the appointing authorities for Assistants and Clerks in these offices.

Statement.

<i>Name of Office.</i>	<i>Appointing authority.</i>	
	<i>For Assistants.</i>	<i>For Clerks.</i>
Central Board of Revenue	For Assistants belonging to the Imperial Secretariat Service, Class II—Central Board of Revenue. For other Assistants—Secretary, Central Board of Revenue.	Secretary, Central Board of Revenue.
Imperial Council of Agricultural Research.	Vice-Chairman	Vice-Chairman.
Railway Clearing Accounts Office.	Director, Clearing Accounts Office.	Director, Clearing Accounts Office.
Office of the Director General, Indian Medical Service.	Deputy Director-General, Indian Medical Service.	Deputy Director General, Indian Medical Service.

DEATH OF PANDIT SHAMLAL NEHRU.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, the House will hear with regret of the death of Pandit Shamlal Nehru who was a Member of this House for four years, and it is the general desire of Honourable Members that you, Mr. President, should be requested to convey the condolences of this House to the late Pandit Shamlal Nehru's bereaved family. Pandit Shamlal Nehru was a member of the Swaraj Party in the old days, of which Party we have a few honoured members left in this House. There is one sitting here on my left (Mr. Gaya Prasad Singh) and my Honourable friend sitting behind me (Mr. S. C. Mitra) was the whip of that Party, and you, Sir, were also a very prominent member of that Party in those days. We would like to convey our condolences—especially of those Members who were the colleagues of Pandit Shamlal Nehru in the old days. I personally did not know Pandit Shamlal Nehru, but I understand he was a most useful Member of this House—quiet, unassuming, but always ready to do his duty and take his part in the work of this House. Mr. President, I trust you will convey to his bereaved family our sincerest condolences.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhammadan): Sir, with the permission of the Deputy Leader of my Party, I beg to associate myself and my friends with all that has been said by my Honourable friend on my right, Sir Cowasji Jehangir. Sir, Pandit Shamlal Nehru came here as a member of the Swaraj Party at the end of 1923. He was with us till the Assembly was dissolved in 1926. He was, as you know, a nephew of that distinguished countryman of ours, Pandit Motilal Nehru. I had the privilege of being a member of the Swaraj Party along with you and Pandit Shamlal Nehru. He was constantly present in the

[Mr. Gaya Prasad Singh.]

House, and attentive to his duties. He was a man of genial disposition, and a stout patriot. By his death the cause of public activities, not only in the United Provinces, but in the country generally, has suffered a great deal. He belonged, Sir, to a very cultured family. I know his family intimately, and, I dare say, that Pandit Shamlal Nehru has left a large number of friends and admirers to mourn his death. I associate myself with my friend in requesting you to be so pleased as to convey our feelings of sincere sorrow and condolence at the death of Pandit Shamlal Nehru. He was a comparatively young man, and from what we know from the papers he died as the result of paralysis. Sir, death under these circumstances is very tragic, and I have no doubt that his family will derive some consolation from the fact that sorrow shared is sorrow soothed. This House as a whole mourns the death of such a patriot, and I again repeat my request that you will be pleased to convey to his bereaved family our sincere regrets and condolence.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, with the courtesy of my Pro-Deputy Leader, I wish to associate myself and my Party with everything that has been said about the late Pandit Shamlal Nehru. I had the privilege of knowing him and his late lamented uncle somewhat intimately. Though I never belonged to that Party, our relations were very cordial, and I heartily endorse, on behalf of myself and the other members of my Party, all that has been said about his death, and request you kindly to convey to the members of his family our deep sense of sorrow and sympathy.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the Leader of my Party has asked me to associate his Party and myself with all that has been said by the previous speakers about the passing away of one of my very dear personal friends. Sir, Pandit Shamlal Nehru was a very charming friend and a very open-hearted public man. Pandit Shamlal Nehru and I were associated in a managerial and editorial capacity with the running of the *Independent*—the first great newspaper of the United Provinces. We were also associated when Bepin Chandra Pal resigned his editorship of the *Democrat*, of which Pandit Shamlal Nehru was the founder, in the running of that paper. Pandit Shamlal Nehru filled a large space in the public life of the United Provinces. During Mrs. Besant's Home Rule propaganda days, when his uncle, the late Pandit Motilal Nehru, was still a conservative, Pandit Shamlal Nehru plunged into that movement with great enthusiasm. His hold on his uncle was great, because he constantly quarrelled with him when he differed from him; and the members of the Swaraj Party and the Official Members of this House who were then Members are aware that Pandit Shamlal Nehru, even when the fight became fervent, was always in a genial mood, and, in the lobbies, the most perfect companion. It is very sad to contemplate, Sir, that death should have snatched away one of the finest public men of the United Provinces. Latterly, he retired from public life owing to differences with the National Congress Party, but he did not carry his differences to the point of coming into the Councils. I was looking forward to Pandit Shamlal Nehru leading in Allahabad and elsewhere the Congress movement into the Legislature. Sir, his death at this time is a great national loss, a calamity to the United Provinces. Sir, his

armour was his honest thought and simple truth his utmost skill. It is painful to contemplate that one Member after another of this House is passing away. In the midst of life we seem to be in death, and words cannot picture the sorrow that is coming on the country and on us by the passing away of one friend after another. Sir, I deeply feel that Pandit Shamlal Nehru should have been snatched away by the cruel hand of death. I know his family lies prostrate in sorrow at his death. I request you to convey the grief of my Party as well as of the other Parties in this House to the bereaved family to whom my heart goes.

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): Sir, on behalf of the European Group, I desire to associate myself with the sentiments expressed by the previous speakers on the sad death of my great friend, Pandit Shamlal Nehru. Sir, as one of the oldest Members of this Assembly, I had the privilege of working with him in this House for about three or four years, and I can only repeat what my friend, Mr. Ranga Iyer, has just said that during that period he endeared himself to one and all. Although a member of the Swaraj Party, his line was always straight and honest, and I know that he was a friend of Government and Government could always depend on him for giving an honest view although it was against even the wishes of his revered uncle. India is all the poorer by the loss of that great Indian. In this House he was loved by all, not only for his honesty of purpose, but for his jovial disposition, and it will be a long time before we can find another Shamlal. On behalf of this Group, I desire you to associate us in this expression of sympathy with the bereaved family.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, like the Bihar earthquake, this House has been receiving shocks nearly every day. It is for the third time during the last four or five days that we have to mourn the loss of another old friend and colleague of ours. Pandit Shamlal Nehru, as has already been pointed out, was a Member of the Second Legislative Assembly, the Assembly whose mark for its ability and for doing the best work for the country will always remain in the history of this House. Although a member of the Swaraj Party, Pandit Shamlal Nehru was free from all spite and venom. He was very jovial and friendly and was always smiling, and really it was a sight to see him joking and meeting friends in the lobbies. He was very popular not only with the Non-Official Members of the House, but with the Officials as well. It is really very sad to see that death has snatched him away from us. He was a prominent figure in the United Provinces, as has already been said. I sincerely condole with his talented wife, who took a very prominent part in the public movements of the United Provinces and also with his equally talented and worthy daughter, who is the first Lady Advocate of the Allahabad High Court. I also sympathise with his only son, who occupies the rank of an Officer in the British Forces; and I request you, Sir, to convey our condolences to all the members of the bereaved family.

The Honourable Sir Brojendra Mitter (Leader of the House): Sir, I had not the pleasure of knowing Pandit Shamlal Nehru personally, but, from what I have heard of him, he was a man of great personal charm and was a most popular figure in this House. I remember, when I first

[Sir Brojendra Mitter.]

became a Member of this House, to have seen him in the lobby. He could not keep himself away from this place. Sir, I associate myself and this side of the House with the expressions of sorrow and sympathy with the bereaved family and I join in the request that has been made to you.

Mr. President (The Honourable Sir Shanmukham Chetty): I knew Pandit Shamlal Nehru as a colleague in this House for over three years and worked in close co-operation with him as a member of the Swaraj Party. Honourable Members, who enjoyed his personal friendship, like myself, have testified to his charming personality. He was one of the most popular Members of this House and he was loved by every one. It will be my duty to convey to the family of Pandit Shamlal Nehru the deep sorrow of this House at the loss of one of their popular colleagues.

ELECTION OF THE STANDING FINANCE COMMITTEE

Mr. President (The Honourable Sir Shamukham Chetty): I have to inform the Assembly that the following Members have been elected to the Standing Finance Committee, namely:

- (1) Mr. J. Ramsay Scott,
- (2) Rai Bahadur S. C. Mukherjee,
- (3) Mr. Sitakanta Mahapatra,
- (4) Mr. G. Morgan,
- (5) Major Nawab Ahmad Nawaz Khan,
- (6) Rao Bahadur B. L. Patil,
- (7) Lala Rameshwar Prasad Bagla,
- (8) Mr. S. G. Jog,
- (9) Diwan Bahadur Harbilas Sarda,
- (10) Kunwar Hajee Ismail Ali Khan,
- (11) Dr. Ziauddin Ahmad,
- (12) Mr. Gaya Prasad Singh,
- (13) Maulvi Muhammad Shafee Daoodi, and
- (14) Mr. Badri Lal Rastogi.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): 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."

The Honourable Sir Harry Haig (Home Member): Sir, I regret that I was not in the House while my Honourable friend, Mr. Mitra, was delivering the earlier part of his speech on Monday, though I was able to be here before he had completed his speech. Had I known that Mr. Mitra was about to speak on the Finance Bill, I should have at once hastened to the House, for I should have been quite sure that in discussing the Finance Bill he would not mention finance, but that he would direct his attention to the administration in Bengal and the condition of the terrorist prisoners or detenus. I have had, however, the advantage of reading carefully my Honourable friend, Mr. Mitra's speech. I understand that he was very anxious and that certain Honourable Members of this House were anxious on his behalf, that he should have a reply to what he said. He shall have a reply.

The first count in Mr. Mitra's indictment against the Government was a series of allegations against the conduct of the troops in the Midnapore district of Bengal. The Honourable Member read out a very long series of allegations and statements. I understood him to make a complaint that, when on previous occasions he had adopted this procedure, the Government had not given any definite reply to these allegations. Well, Sir, the Honourable Member is very familiar with the procedure in this House. He knows perfectly well how to elicit information from the Government; no one better. A great many of the questions that I have to answer in this House emanate from my Honourable friend, Mr. Mitra, and he is well aware that, if he wants information on points like these, it is easy for him to put down a question, and that, after due inquiry has been made, he will receive an answer. And he must also be perfectly well aware that, when he makes a series of elaborate and detailed allegations in this House in the course of a debate, it is quite impossible for any Government Member to get up during the remainder of that debate and make any categorical statement about incidents which are alleged to have taken place in Bengal. When he wishes to elicit information about affairs in the Midnapore district, even during the present Session, the Honourable Member has put down a very detailed question in regard to certain allegations of ill-treatment by civil officers and, I think, also by troops. To that question I gave a full answer, I should think less than a month ago. And I think that that answer showed that the facts on which the Honourable Member relied had really been distorted out of all recognition. I cannot give any categorical answer now to the allegations that the Honourable Member has brought to the notice of this House. But this much I can say, that a number of allegations on these lines have within the last few months been examined by the Government of Bengal, and I think I am right in saying that in general they have been found by the Government of Bengal to be very greatly exaggerated, even if there was any foundation for them at all. It is difficult, in view of what has been going on recently in the Midnapur district, to resist the conclusion that a deliberate campaign of misrepresentation has been launched there. Nevertheless, the Honourable Member has made himself responsible for these statements in this House, or at any rate has drawn the attention of the House to these statements, and I should like to treat them as I would a question, and I will ask the Government of Bengal to let me have a report about them.

Now, Sir, in the course of his speech, my Honourable friend, Mr. Mitra, referred to the functions of the troops in Bengal, and he suggested

[Sir Harry Haig.]

that it was unfortunate that they should be employed on duties of this nature such as they are performing in the Midnapur district. Well, Sir, I would remind the House that the troops in this country are maintained, not only for purposes of defence against external enemies, but for purposes of giving aid to the civil power in internal emergencies. That is a perfectly well recognised function of the troops, and it is, in accordance with those duties of giving aid to the civil power, that the troops are now being employed in Bengal. I need hardly remind the House of the very valuable results that have been achieved through the presence of the troops in Bengal. The House will perhaps remember that in the autumn of 1932, at a time when the terrorist menace was very much more serious than it is now, the Government of India decided that it was necessary to reinforce the civil authorities by despatching to Bengal two brigades of troops, and the anticipations with which those troops were despatched have been entirely fulfilled. The situation now is far better than it was in those dark days of the autumn of 1932 (Applause), and though I do not in any way wish to minimise the efforts and the devotion of the civil officers, we must recognise that a great part of the credit for that result is due to the presence of the troops. (Hear, hear.) The troops have had in Bengal two effects, indirect and direct. Indirectly they have undoubtedly encouraged the civil officers and the well-disposed population, and I think it is not unfair to say that they have brought a new spirit of confidence into the country. Apart from that, they have also been employed directly in aid of the civil power, particularly in the districts of Chittagong and Midnapur, the two worst plague spots of terrorism in Bengal. They have been able, particularly in Chittagong, to achieve very important direct results in co-operation with the civil authorities. I do hope, Sir, that nothing will be said or done in this House which would have the effect of trying to discredit the work of the troops in Bengal. (Hear, hear.) I have seen a number of reports in connection with their work, and I have seen nothing to suggest that their discipline has in any way fallen short of its usual exemplary standard. (Hear, hear.)

Now, Sir, the second count in the Honourable Member's indictment of the Government policy was in connection with the detention of persons under the Bengal Criminal Law Amendment Act, the problem of the detenus. I confess I was astonished at the charge that was made by the Honourable Member in regard to that policy. He said, talking of the Government, "do they think, by merely keeping in restraint a few thousand boys and young men in jail, they will kill the idea of patriotism and love of one's own country?" Now, Sir, this problem of the detenus is fortunately practically confined to Bengal. Does the Honourable Member think that we are keeping these young men in detention in order to kill the idea of patriotism? Are there no patriots in other Provinces of India? (Hear, hear.) Has Bengal the monopoly of patriotism? Or, is it not rather that Bengal has, what I am afraid very nearly, a monopoly of something very different, and that is political murder? (Hear, hear.) I think my Honourable friend would really on reflection acknowledge that what we are seeking to repress is not patriotism, but murder (Hear, hear), and that is the justification for the policy of keeping these young men under restraint. I admit that the Honourable Member may argue that the information on which we act with regard to particular individuals is wrong, that we are mistaken in believing them to be terrorists, but at any rate

he must give us credit for believing that and for taking that action solely because we do fully believe that they are terrorists. And I would also ask him to remember, if he has any doubts about the information on which we act, that we do check our information; the Government of Bengal check their information by putting it before two Judges and it does not seem to me, Sir, a reasonable conjecture that we could be wrong in our facts in more than a very small percentage of cases.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): I remember the Honourable Member saying that as regards State Prisoners, their cases are put before the Judges and not about the vast majority of detenus who are not State Prisoners under Regulation III of 1918, but are detained under the Bengal Criminal Law (Supplementary) Act.

The Honourable Sir Harry Haig: With regard to State Prisoners, in the matter of those State Prisoners who are confined for terrorism, we follow exactly the same procedure as is followed by the Government of Bengal under their Bengal Criminal Law Amendment Act, and no one is held under Regulation III in respect of terrorism unless his case has been put before two Judges.

Now, Sir, I do not want to misunderstand the Honourable Member, but I do think that, if he is misunderstood, he has to some extent himself to thank for it. Complaining of repression he says: "By repression you can keep even the noblest feeling under suppression for some time". I would invite him to make it clear that when he is talking of these noble feelings that we are repressing, he is not referring to the desire to murder Government officials and their families.

Mr. S. C. Mitra: I never meant murder in any way.

The Honourable Sir Harry Haig: I am perfectly certain that the Honourable Member did not mean that, but his language is open to that construction.

Then, the Honourable Member asks,—and I make no complaint of his asking,—what is to be the end of it? It is right that he and we should try to look ahead to the end of this problem, but the end of it, as I see it, must be the extirpation of these ideas which bring discredit and shame on the Province of Bengal. Quite apart from considerations of morality and humanity which make an appeal to any man of ordinary feeling, I am certain that the Honourable Member realises, as clearly as I do, the harm that is done to the interests of his own country by the continuance of this movement, the feelings of distrust and estrangement that are engendered, the handle that is given to the opponents of political reform, the material loss that is caused to a poor Province by having to spend enormous sums of money on maintaining a large police force in order to deal with this movement, and the diversion of the energies of the administration to such a large extent from the more beneficent activities to which they should be directed and their concentration on this miserable problem. But, Sir, when I ask myself, how this movement is to be brought to an end, I have to remember the type of men we are dealing with, and so far as one can judge it, their mentality. We have tried in the past, when conditions appeared to improve, the effects of leniency. We have tried amnesties, we have released these men; but time after time they have gone back to their old practices. Now, Sir, I feel that people like the terrorists who believe in force will only be converted by realising

[Sir Harry Haig.]

that force will not succeed, and that is the lesson that we are endeavouring to bring home to them now. When once that is clear, I should hope that many of the present detenus will discard these ideas and endeavour to resume a normal life; and I am perfectly certain that when that moment occurs, if it does occur, no one will be better pleased than the Government of Bengal.

Sir, I do not think I need detain the House long on the third count in the Honourable Member's indictment of Government. He complained of the system of classification of prisoners. That is an old topic of discussion in this House, and I would remind the House, as I have reminded them many times before, that they did have a certain share of the responsibility,—I do not want to disclaim the responsibility of Government for one moment,—but they did have a certain share in the responsibility for the inauguration of this policy of classification. It was in response to a strong demand from the House,—I suppose it was not this House, but its predecessor,—that Government took up this question of establishing a new classification of prisoners, and it was very largely in consultation with the Leaders of Parties in this House that Government came eventually to their conclusions. The Honourable Member complained that, before this present policy was introduced, there used to be a class of special prisoners receiving special privileges, but that, if I understand him aright, we have now abolished that special class. Well, Sir, I think that betrays some misunderstanding on the part of the Honourable Member of the actual position. The special class, which was in existence before our new rules were made, was a very limited class and we deliberately continued that class in class A under the present system. Class A under the present system reproduces the special class of the old days. But, in the old days, apart from this very limited special class other prisoners all went into one class. That was where a big change was made, because we now put them into two classes, B and C. C is the ordinary prisoner and B is the prisoner who, owing to his standard of living and various other considerations of that kind, is considered to be entitled to somewhat better treatment. I do not say, Sir, that this system has worked altogether without friction or without difficulty for the jail authorities, but I think that on the whole, as far as public opinion is concerned, it has been an improvement on the system that preceded it, and we certainly do not wish in any way to go back on the principles that were settled some years ago. I would just call attention to one point in which I think the Honourable Member will himself admit that he is labouring under a misapprehension. He said that, so far as the political prisoners are concerned, they are always classed as C class and very few in class B, and he went on to say: "When anybody is accused of a political offence, why should it be concluded that he was not used to a better kind of life than that in which he is put?" Fortunately I am able to check that accusation by certain figures in my possession. I imagine that when the Honourable Member refers to political prisoners—a term which we do not officially recognise—he has in mind, for instance, the terrorist prisoners in the Andamans

Mr. S. C. Mitra: No, no. I meant mainly the civil disobedience prisoners in Bengal.

The Honourable Sir Harry Haig: That fortunately is becoming a problem of the past; but so far as the terrorist prisoners in the Andamans are

concerned, it may interest the House to know that at the present moment there are in B class 66, and in C class 95—so that, roughly speaking, there are two B class for every three C class. That, I think, is quite sufficient to show that, so far as that class of prisoner is concerned, it cannot be said that they are always classed as C class and very few in class B.

I think I have said enough to give the House an answer to the main contentions advanced in the speech of my Honourable friend, Mr. Mitra, and that I need not detain them any longer from the consideration of such matters as rates of income-tax and the misfortunes of the salt tax-payers.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, the House has heard with great interest the speech of my Honourable friend, the Home Member, on a subject in which many are interested. I propose to deal with an entirely different matter, but I do appeal to the House to give me the same attention that they gave to the Honourable the Home Member. I am going to talk about finance. When the Finance Member comes to this House with a demand for supplies, I think it is only fair that we should give him credit for his policy of retrenchment during the last five years. Not being in the secrets of Government, it is very difficult to apportion praise and blame, but knowing human nature as we all do, I think I would be justified in saying that if the Finance Member had not been very persistent and had not most energetically pursued the policy of retrenchment, we should not have seen the results that we do today, specially with regard to the Army. All Departments like to see a little money up their sleeves; and it is the duty of the Finance Member to see that they keep nothing up their sleeves and that they are always a little short, and then alone will he be certain that the administration is run without extravagance. Having given the Finance Member due credit, may I ask him to realise the position of Provincial Finance Members? They cannot put on taxation by a stroke of the pen as my Honourable friend, Sir George Schuster, does. They cannot raise income-tax; they cannot raise customs duties; they have to look about for other ways and means, much more difficult, and it is my desire today to draw the attention of this House to the condition of Provincial Governments and specially of the Province which I have the honour to represent.

In 1921-22, the revenue of the Bombay Presidency was 15.09 lakhs.

12 Noon. The latest figures show that our revenue has dwindled to Rs. 13.26 lakhs. It was in the year 1930 that our revenues dropped by two crores. Now, let me warn the Honourable House which is accustomed to think and talk in very large figures—50 and 60 crores—that I am talking of a Province, and, therefore, when I do talk in small figures, it means a great deal. A drop of Rs. two crores in a year for a Province is a problem which I unhesitatingly say that no Province has faced in the history of British India; and that the deficit in the case of Bombay would have continued to this day had it not been for the energetic measures of the Government of Bombay and its Legislative Council who insisted upon retrenchment. In that very year 1930-31, instead of having a deficit of Rs. two crores, we had a deficit of Rs. 1.81 lakhs. The budget of 1933-34 is a balanced Budget; but I regret to say that today we cannot claim that it is so, and I will explain that a little later on. But I would like to state to this House how and why it was possible for the Bombay Government to have a so-called balanced Budget for the current year. First, we levied upon ourselves extra taxation, and, since the year 1921, that is, the year of the Reforms, we have taxed ourselves to the extent of about Rs. 75

[Sir Cowasji Jehangir.]

lakhs. This extra 75 lakhs did not come out of the pockets of only the poorest: it came out of the pockets of those who are supposed to be able to afford it. It was such taxes as motor fees, electricity duty, tobacco duty, tolls, increase in court-fees and stamps, bookie's tax, entertainment tax and taxes of this kind. That accounts for 75 lakhs out of the deficit of two crores. Then, the Government of Bombay were able, without a change of excise policy, to tighten up the administration so as to prevent leakage and illicit distillation from which we got another 50 lakhs, making a crore and a quarter. Another 75 lakhs we got from retrenchment making the two crores.

Now, Sir, it is always difficult to give precise figures with regard to retrenchment, but I can give the House a few salient facts which will enable them to judge what this retrenchment means. The Cabinet has been cut down from seven to four. The trip to the Hills has been cut out. Those are two salient facts. Then, Mr. President, retrenchment, ruthless retrenchment, in the staff and establishments of the Bombay Presidency has been carried out. We have had a retrenchment of ten per cent. throughout, and in some Departments there has been retrenchment to the extent of 25 per cent. specially in the Public Works Department. Sir, my friend, Sir Hari Singh Gour, was talking yesterday or the day before on the question of the cost of living as compared with the pay of establishments, and he stated that today the cost of living was the same as the cost of living in 1914, and although he would not lay down a policy, what I believe he meant to infer was that a policy of cutting down pays to the level of 1914 would be justified. The Bombay Government have not done that. Pay went up due to higher cost of living, and my friend, the Finance Member, has got all the figures. I am not going to weary the House with figures. Pay went up, and I have a lively recollection of the percentage by which it did so, but notwithstanding our paying more to all our establishments, gazetted and non-gazetted, notwithstanding the Lee concessions, today our establishment charges in Bombay are no higher than in 1914, and that, I claim, is a feat performed by the Bombay Government and by its Legislative Council who insisted upon retrenchment and who agitated and ceaselessly agitated till that retrenchment was carried out. I give the credit to both the Government and the Council. I have a lively recollection of what the Council was able to do in the year 1922. Some time before retrenchment became an absolute necessity, I remember the opposition coming to Government and saying: "If you do not cut down your Budget by a certain figure, we will refuse to pass your Budget, transferred and reserved",—and what did the Government do,—and I was a Member of the Government then. We said: "All right,—we accept your terms", without knowing how we were going to do it. There was no time to consider. We knew it meant a certain percentage cut all round; we ordered the Departments to put up proposals on the basis of a certain percentage and told them that we would consider them in a few days. That was how retrenchment was carried out.

Now, Mr. President, I have shown you how this two crores is made up. But these are mere figures, and figures do not really make you realise what the Presidency has been through and how it is suffering due to this policy of retrenchment and higher taxation. My friend, Mr. Millar, gave you the incidence of taxation in India. My figures do not quite agree with his. Mine, I believe, are the latest figures. I will give them again. In Bombay excluding debt charges of the three Presidency Corporations and the assessments of alienated lands, the incidence of taxation per head is Rs. 6-4;

Bengal 1·8, Madras 3·5, U. P. 2·4, Punjab 4·6, C. P. 3, Bihar and Orissa 1·3, Burma stands second with 6·3 incidence of taxation per head. That is how we have taxed ourselves. Every man, woman and child in Bombay is paying taxation to the extent of 6·4

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Provincial and Imperial?

Sir Cowasji Jehangir: . . . while Burma is paying 6·3, and I repeat, the lowest is Bihar and Orissa with 1·3, and the next is Bengal with 1·8. That shows you the extent to which we have taxed ourselves. But, Mr. President, what with these retrenchments and what with this extra taxation,—you, who have had considerable experience, will realise that this extra taxation and this retrenchment does not come without a certain amount of sacrifice. The Bombay Presidency has two ports out of the four major ports in India. We have within our boundaries three most important industrial centres, Bombay, Ahmedabad and Sholapur. Now, Sir, all the extra cost that a Province must bear due to having ports and industrial centres is borne by the Provincial Government, while all taxes derived from trade and industry are taken by my Honourable friend, the Finance Member. That is where we consider the injustice comes in. Then, due to our having these ports and industrial centres, our cost of living is higher, and, therefore, our wage bill is higher. We pay higher wages in Bombay than in most other Provinces. Our clerks cost more. Sir, we have to provide for considerably more service than most Provinces in India, due to our position, and all that extra service is borne by the Provincial Government. We have considerably slowed down, due to retrenchment, the development of all nation-building departments. I am sorry to have to admit,—I regret it,—that due to this retrenchment today we have got beds, which are compulsorily kept, empty in the hospitals of Bombay. I can just give one instance. It was in 1926 that we got a donation of five lakhs for a wing to a hospital. It was completed in 1928 and well equipped, and, so far as I know, until 1933 those beds were empty and unoccupied, because there was no maintenance money provided in the Budget, and some beds, which had been occupied in certain Government hospitals ever since those hospitals were constructed 50 or 60 years ago, have to remain vacant today due to retrenchment. That is how we have carried out retrenchment. And, again, Mr. President, does it not have any effect upon the administration of the Province, upon the efficiency of that administration? If my Honourable friend sitting opposite, the official representative of my Presidency, could open his lips on which there is at present a pad-lock, he would tell you what it has meant to the administration of our Province, how difficult it is with staffs whose official life is uncertain—how difficult it is to carry on the administration. We have borne all this without a voice having been raised in this Assembly, throughout these years. We have borne all this in order to shoulder our own responsibilities and make our Budget a balanced Budget. But, Mr. President, what do we find? We find today that notwithstanding all the efforts, that we have made, we have not got a balanced Budget. So much for our condition.

Now, I shall go on to the constitutional aspect of the case. My Honourable friend, the Finance Member, in his speech stated—these are his actual words:

“We have also in these days to consider our policy with some regard to the various proposals for Federal Finance which are such an important part of the Constitutional Plan.”

[Sir Cowasji Jehangir.]

Then, later on, to be absolutely fair to my friend, and to quote him completely,—I leave out a part, he continues:

“Nor can we attempt to take upon our shoulders the responsibility for dealing with the problems of Provincial Governments.”

What are the proposals in the White Paper, and how do we visualise the future relations between the Central Government and the Provinces? The two main proposals are, firstly, that when surplus Central Revenues are available, they should be distributed to all the Provinces in proportion to their shares of personal income-tax on the basis of residence of income-tax payers, and, secondly, that likewise half of the revenue from the jute export tax should be returned to the jute growing Provinces. This is the foundation laid in the White Paper for the relations between the Centre and the Provinces.

The Honourable Sir George Schuster (Finance Member): Was my Honourable friend quoting exactly from the White Paper?

Sir Cowasji Jehangir: No.

The Honourable Sir George Schuster: Because I may remind my Honourable friend, if he wishes to refer to the White Paper, that the White Paper lays down that at least half of the export duty on jute shall be given to the jute exporting Provinces from the very first day of the new Constitution, but as regards the distribution of income-tax, no steps shall be taken for a definite period at the beginning, and, thereafter, it should be dependent upon the financial position of the Centre.

Sir Cowasji Jehangir: I quite agree, but they were both to come into operation after the new Constitution began to function. In the first case, I admit, although it appears second on the list, the jute growing Provinces are to get relief, and if, after giving up a certain percentage in perpetuity of the income-tax to the Central Government, the Central Government were able to balance their Budget and have a surplus then that surplus was to be given in certain proportions to the Provinces. If, long before the Constitution comes into operation, a part of the policy is put into operation and a part is completely neglected, I do think that we have a right to call upon the Finance Member to explain what his successor is going to do, and how far this attempt to put a policy that was to come into effect after the new Constitution was working—how far that attempt is going in the next few years.

Sir, I shall just give you a few illuminating figures about the Meston Settlement. Under the Meston Settlement, Bombay had to contribute Rs. 56 lakhs a year to the Central Government and Bengal Rs. 63 lakhs. Under that Settlement, the total amount that Bombay would have paid to the Central Government was Rs. 3,86 lakhs, the total amount that Bengal would have paid to the Central Government was Rs. 3,78 lakhs. The total amount paid up to date by Bombay is Rs. 2,86 lakhs, the total amount paid by Bengal up to date is Rs. 63 lakhs. We have got a remission of Rs. 50 lakhs, Bengal has received a remission of Rs. 3,15 lakhs. That shows how far the Meston Settlement went wrong. I am making no assertion that Bengal did not deserve that assistance. But I am pointing out what the Meston Settlement believed would be the contribution of the Provinces and to what extent we were made to pay while another Province was let off.

Now, Sir, we are up against a new problem. There has been a diversion of trade from our port of Bombay to other ports to which my Honourable friend, Mr. Mody, referred most pointedly in his speech. I am not going into that part of the question just now. I see in the papers a speech made by the Chairman of the Bombay Chamber of Commerce, delivered only two days ago, in which there are a considerable number of details, and I hope that my Honourable friend, Mr. Mody, who will have a chance of speaking, will make that point much more clear to this House and make it realise how we are suffering and how unjustified that suffering is. But, Sir, what I desire to point out is that, in order to meet this menace, the Bombay Government are just now legislating to give up a revenue of Rs. 18½ lakhs and the deficit in our budget will be to that extent.

The Honourable Sir George Schuster: I think surely my Honourable friend is not quite correct about that. The whole of the 18½ lakhs will not fall on the Bombay Government's Budget; I think only Rs. 10 lakhs.

Sir Cowasji Jehangir: But who is going to make it up to the Corporation? Are you? If you promise to make it up to the Corporation, I shall immediately say that you are right. I pause for a reply.

The Honourable Sir George Schuster: I do not think my Honourable friend is entitled to put that question to me. I am merely correcting his figures. He was talking of the Bombay Government's Budget, and I said that the whole of the 18½ lakhs did not fall on the Bombay Government's Budget. What the Corporation can do is another matter.

Sir Cowasji Jehangir: What I mean to say is somebody will have to make the amount good to the Corporation, and I believe that the Corporation will look to the Bombay Government to make good, and it will be a deficit in the Bombay Government's Budget. And what I am appealing about to my Honourable friend just now is that he will make good that deficit from the Central Revenues both to the Bombay Government and the Corporation.

The Honourable Sir George Schuster: I will answer my Honourable friend. I sent a telegram yesterday announcing that we would allow the Bombay Corporation to postpone their debt repayment provision which amounts to Rs. nine lakhs, and, therefore, their loss will in that way be made up at least in the next year's Budget.

Sir Cowasji Jehangir: I am very glad to hear the statement just made by my Honourable friend, the Finance Member, and I am certain we shall be grateful even for small mercies. I have not been able to judge exactly straight off and just now with regard to the concession he has announced, but we are grateful to get whatever we can. Now, Sir, what about the share of the Bombay Government? I might perhaps tempt my Honourable friend to rise again and give us some information as to what telegram he sent last night. Can I tempt him?

The Honourable Sir George Schuster: You can tempt me to rise, but I have got nothing to say.

Sir Cowasji Jehangir: Then, let me tell him something about the feelings in Bombay. The feelings in Bombay are running high, and that is no exaggeration. Feelings in Bombay are running high amongst officials, non-

[Sir Cowasji Jehangir.]

officials, Europeans, Indians, moderates and extremists. They are running high among all classes and creeds. Now Sir, let me without being egotistical on behalf of my Province remind the Honourable the Finance Member that Bombay has stood by the Central Government whenever the Central Government have made a call on Bombay. Let him not forget the days of the War Loan when Bombay gave her mite. Whenever the Finance Members of the Central Government have come to Bombay for money, have they gone away disappointed? I go further. Again, without desiring to be egotistical, has there ever been an appeal made in India for any big fund for any Province which has not received in Bombay a response equal to any other Province in India?

An Honourable Member: Including the Congress funds?

Sir Cowasji Jehangir: Yes, including the Congress funds. That may be so. But for all funds, that have been raised in India for any purpose, Bombay's contribution has in most cases been on the top and Bombay is by no means the richest Province. The Bombay people are by no means the richest people in India, and if this is doubted, I will only again place facts and figures before you. I appealed to my Honourable friends behind me when I last spoke on this subject, which was only a few days ago, to understand our position, or at least to make an attempt to understand it. I appealed to them to go into the facts and figures with regard to the incidence of taxation. I have now given some figures. I admit they are merely main heads. I am quite prepared to supply any of my Honourable friends here with further facts and figures. I made that appeal. Having made that appeal for their sympathetic consideration, I thought it was my duty to give them those facts and figures over which to ponder, and now, Mr. President, I am finally going to make an appeal to Government to make good this deficit. I am going to make that appeal in the name of a Province that has stood by India at every critical juncture of her history. I am going to make that appeal, not in the spirit of a beggar. My Honourable friends from Bengal have rightly claimed their dues. I come here to claim our dues, and I expect to get from every Honourable Member of this House the same support that we are prepared to give Bengal to remedy her wrongs, and, before this Session closes, I trust that there will be a proper reconsideration of our claims from every Member of Government and I trust that my Honourable friend, the Finance Member, who, this year, due to much higher taxation which this House willy nilly is bound to sanction, has large surpluses to distribute. I have not a word to say against what he is going to give to Bihar or Bengal, but we are asking for a few petty lakhs of rupees this year to enable us to carry out and to fulfil the one great object which we had in view, to balance our Budget. I desire that the Government of India will now enable us to really balance our Budget, because we find that it has become unbalanced due to adverse circumstances over which we had no control, and due to a loss of revenue which we did not anticipate, and which has become absolutely necessary for the very life of Bombay. I appeal for a sympathetic consideration from every Honourable Member of this House.

Several Honourable Members: The question be now put.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that the question be now put.

The motion was adopted.

The Honourable Sir George Schuster: Sir, perhaps it would be as well if I answered first the speech which has just been made by my Honourable friend from Bombay. My friend asked, how far are we going in anticipating the White Paper proposals in advance of the new Constitution. My Honourable friend suggested that we had upset that plan. I think he himself, on an earlier occasion, used the expression that we had queered the pitch for Federal Finance.

Sir Cowasji Jehangir: I did not personally use that expression, but another Honourable friend used it, and I have no objection to it being fathered on to me. I have no objection at all.

The Honourable Sir George Schuster: I beg my Honourable friend's pardon. I think that was the sentiment that underlay his expression. Well, Sir, I had hoped to have the opportunity of the luncheon interval to get for myself a copy of the White Paper to which I could refer; but that opportunity not having been afforded to me. I must rely upon my memory, and I would again put to my Honourable friend the position which I put shortly when I intervened in the course of his speech, which is this, that the White Paper plan leaves the question of any general distribution of income-tax to the Provinces to a very uncertain future. There is a certain time prescribed after the new Constitution is inaugurated within which no transfer of income-tax will be made, and, thereafter, the transfer of whatever share is decided upon is to be made gradually, while there is further to be a power to hold up that process of transfer if the finances of the Central Government do not permit.

Now, Sir, the point that I want to make is this, that so far as the transfer of a half of the export duty on jute is concerned, that was contemplated as something which would be in effect from the very day when the new Constitution started. There was an order of priority implied in the proposals, and there is not the slightest doubt that the transfer of at least a half—at least a half—I would remind my Honourable friend of that,—at least a half of the jute export duty—was placed long in advance of any possibility of the transfer of income-tax. Now, I made it quite clear in my Budget speech that we cannot at the moment act upon the White Paper proposals as though they were a definite scheme before the country. Everything we do now is provisional, is liable to revision, and in no way commits His Majesty's Government or Parliament to endorsing a particular plan of Federal Finance; but what I would like to say is this that the proposals that we have made are definitely consistent with the plan of the White Paper and in no way "queer the pitch" for Federal Finance. On the contrary, if there is any Provincial Government which is looking forward in the future to the happy prospect of getting a share of the Central Government's taxes on income, then the day when they can expect that share is brought nearer if we have already taken the first step—which is the transfer of at least a half of the jute export duty to Bengal. That, I think, is an important point to remember.

Now, my Honourable friend has spoken to us about the Bombay Government finances. I have already made it clear in another speech that I have the greatest admiration for the way in which the Bombay Government have tackled an extremely difficult position, and I was very glad to pay a tribute, a personal tribute to the late Governor of Bombay

[Sir George Schuster.]

for the extraordinarily good work, the patient, the energetic, the determined work which he did in that respect. I do feel the Bombay Government have set a very good example, and they deserve every credit for achieving financial equilibrium. But when my Honourable friend addressed an appeal to me as he did just now, I must make this clear. We do not wish any proposal which we have made this year to be taken as indicating that the time has come when the Central Government are in a position to distribute general largesses to the Provinces, and

Sir Cowasji Jehangir: You have the power of taxing us without limit by merely asking us

The Honourable Sir George Schuster: If my Honourable friend will allow me to make my position clear—that time has not come, for unfortunately we are very far from being in a position of such prosperity as to enable us to hold out hopes of that kind. What we have done this year is to tackle what we, in our own judgment—and the House may criticise our judgment, but that is the judgment to which we as a Government have come, after a very careful consideration of the matter—what we have done is to attempt to carry out what, in our judgment, is by far the worst problem as regards provincial finance—a problem to which we feel there is no parallel in the case of any other Province in India.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Hear, hear.

The Honourable Sir George Schuster: We felt that the position in Bengal was a demoralising position, a position which made it impossible for that Government to tackle their affairs in the energetic way in which we hope to see them tackle it. We felt that that demoralisation must stop, and that we must give them some power of achieving equilibrium, and, therefore, some hope with which to undertake the measures which will be necessary to fill up the gap—which, I would remind my Honourable friend, is a comparatively large gap even *after* they get their half share of the jute export duty if the House approves of the measures necessary for that purpose. That, Sir, is our position. I shall probably have to deal with it again when we come to discuss the other proposals in our whole financial plan.

Now, Sir, I had not wished to go into the matter of provincial claims in the course of this particular speech, but certain things were said by one of the Honourable Members who spoke on behalf of Burma to which I must also make some reference. To him, again, I must say that the time has not come when we are in a position to distribute general largesses to the Provinces. The representatives of Burma have put forward a claim that if Bengal is to receive a half share in the jute export duty, Burma should also receive a half share in the rice export duty. That, Sir, is a proposition to which we cannot agree. If Burma has any claim for assistance, it must be based on the same sort of considerations as those which operated on us in the case of Bengal; and I would like to read to the House one passage from a speech of which I have just received a copy, in the debate in the Burma Legislative Council on this matter. There is one passage in a speech made by one of the speakers—Mr. B. N. Das, and there seem to be

other B. Das-es fortunately spread in other places also (Laughter)—and he spoke as follows. He sympathised with the Burma position, but he objected very strongly to the comparison which had been made between Burma's case and that of Bengal. He said:

"Burma is a young Province and it has got immense potentialities—with great mineral wealth, rich in timber and rich in agriculture; but Bengal is almost finished with her resources. Burma has got many possibilities. So, I again say that if this claim should be made, it should be made not on the analogy of Bengal, but on the inherent claim of justice, equity and good conscience." (Hear, hear.)

That, Sir, is, I think, a felling passage and what I want to say to my Honourable friend from Burma is this that if Burma has a claim to make, then it will have to stand on its own merits and we cannot admit that the present occasion when we are making proposals for assisting Bengal adds any force to the claim which Burma can make.

(Mr. E. S. Millar rose to interrupt the Honourable Member.)

I am afraid I have not the time to give way.

Now, Sir, it is very difficult for me to deal with all the very miscellaneous points which have been raised in the course of this debate. I would like just to take a few points and particularly to deal with the financial matters. I think possibly I may say that my Honourable friend, Dr. Ziauddin Ahmad, kept most closely to finance in his speech, and he dealt with a number of extremely important issues on which I would like to say something. One of the points which my Honourable friend is always making is that we do not take into account the law of diminishing returns and that by putting up the rates of duty we really were losing revenue. Now, I am sure, my Honourable friend himself will admit that there has been, in the course of the last two or three years' discussions of our financial proposals, no phrase which has been more abused than that expression—"the law of diminishing returns". My Honourable friend knows himself perfectly well what the law of diminishing returns really means. But Honourable Members apply it in a loose sense which really has no definite relation to that very interesting principle of economics. If any one wishes to argue that there is in the whole of our list of taxes any single article the return from which would be increased by a lowering of the rate of duty, then I challenge him to produce that article. We have been very carefully through the whole list, and I am convinced that there is no case where we should get more revenue by lowering the rate of duty except in the single case of silver where I have actually made proposals this year.

Mr. F. E. James (Madras: European): Including the surcharges

The Honourable Sir George Schuster: Yes, including the surcharges. As I said, there is not a single case where we should get more revenue by lowering the present rate of duty.

Maulvi Muhammad Shafee Daoodi (Tirhut Division: Muhammadan): Postcards.

The Honourable Sir George Schuster: I have very carefully gone into the case of motor cars.

Maulvi Muhammad Shafee Daoodi: I said postcards.

The Honourable Sir George Schuster: My Honourable friend, Sir Frank Noyce, will be able to inform the Honourable Member that a reduction of three pies in the postcard rates would, I think, involve, on their calculations, a loss of about 56 lakhs. We should have made that proposal with the greatest pleasure if we had thought that there was the slightest chance of a reduction in the rate producing more revenue.

Now, Sir, my Honourable friend, Dr. Ziauddin Ahmad, said that we ought to go through the list of our taxes and find out by scientific study what are those items which are really productive, which will stand increase of taxation, and we ought to concentrate on those. That elementary task we have indeed performed, and I am afraid that the result, if we acted upon the conclusions to which an examination of that kind brings us, would not be very satisfactory to this House. I would commend to my Honourable friend the idea that he should sit down and go through the returns of customs duties, item by item, and see to what conclusions he himself is brought. I should be extremely interested to have the benefit of his conclusion, because he might have ideas and suggestions to make which have not occurred to us. But the conclusions which I draw are these: that the only items of taxation which are really elastic in the sense that they respond truly to increases in rates—and I have made this point before—are those items of mass consumption which are absolute necessities for the millions of India. If we consider what increases in duty have really proved beneficial to the full extent of our estimates, it is always in respect of those items of necessary consumption by the masses. Salt responds immediately, and there is practically no diminution in the consumption as a result of increase in the rate of duty. If we were to guide our policy on that scientific basis, there is not the slightest doubt that, instead of putting surcharges on the income-tax or trying to devise other forms for raising revenue, we should have doubled the salt tax and be absolutely certain of our return. That possibly is a conclusion to which the Finance Ministers of the future will be forced, but I doubt very much if this House would have welcomed my proposals if I had come forward with a Budget based on that conclusion.

Now, Sir, there are certain items which are interesting in our customs returns, and a particularly interesting item is the receipts that we get from motor spirit and kerosene. In 1929-30, the combined receipts from import and excise duties on motor spirit and kerosene were just about 5½ crores. For the current year and for next year we estimate receipts at nine crores. So, we have been able nearly to double our receipts partly as a result of increases in duty and partly as a result of increased consumption of those two items. That is one of the most important items in our whole list of revenue producing items. Then, again, we find that an article like betelnuts, for example, where we introduced a new duty in 1931, has proved a very steady source of revenue, apparently unaffected by these recent fluctuations, producing a steady return of about 60 lakhs every year. In all these respects, I think that my Honourable friend will come to the conclusion that the one safe method for getting extra revenue is to make a slight increase in the taxes that fall upon the masses and that, as I said, would be the result of his scientific study of the situation.

Now, Sir, another point that my Honourable friend made was as regards the increase in our sterling indebtedness. I think he pointed out that, between 1930-31 and the current year, our sterling indebtedness had increased by 30 millions. I think it might interest my Honourable friend

and the House to know how that increase is accounted for. Out of that 30 millions, being the equivalent of 40 crores, 27 crores represents railway capital expenditure and that includes a sum of about seven crores for the purchase of the Southern Punjab Railway. I would remind my Honourable friend that, though recently we have very much curtailed and practically discontinued new capital expenditure on the railways, in the year to which he referred we were still carrying out and fulfilling the commitments of a very large programme which had been launched two or three years before. So, the 27 out of the 40 crores represents a real good investment. Six crores represents increases in our reserves and the balance of seven crores represents expenditure in England which had to be met by loans in England as a result of the difficulties in obtaining sufficient remittances in the year 1930-31. That position, I may say, has been more than corrected since then and the actual strengthening in our reserves is now, as the House would realise from what I said in my Budget speech, very much greater than the six crores which goes to make up the total of 40 crores.

To turn to another small point. One speaker referred to the need for revision of certain laws, and particularly of the Company Law. I may inform the House that we have definitely decided to undertake the revision of the Company Law forthwith, and the financial objections to the extra expenditure which may be involved in that have been withdrawn.

Then, my Honourable friend, Mr. Vidya Sagar Pandya, made a point which I want particularly to deal with. He complained that we passed out of the golden age and had now come to the age of paper reports by Commissions and Committees. He particularly referred to the Banking Inquiry Committee as one of those inquiries which had cost a great deal of money and had produced very little result. Well, Sir, my Honourable friend touched me very closely when he said that because the House is fully aware that I was responsible for initiating the Banking Inquiry Committee. In the first place, I would like to point out to the House that, in calculating the cost of an inquiry of this kind, the way in which our accounts are made up rather tends to exaggerate the cost, because the cost of the salaries of all those officials who take part in the inquiry and who would otherwise would be in receipt of payment from the Government of India is actually debited to the inquiry, so that the book cost does not really represent extra expenditure. That is one point to be borne in mind, and another is that, in the case of the Banking Inquiry Committee, practically the whole of the personnel who were employed upon it were Indians residing in this country, very largely Members of this House. One of the special objects which I had myself in mind in launching that whole enquiry was to give members of the Indian public and particularly those who were taking part in public life an opportunity of studying these questions and really gaining knowledge of the condition of the country with reference to the matters covered by the enquiry. I regarded it very largely as an educational effort, and the House will remember that when I announced the whole plan, I made it clear that we were not going to adopt the process which had been fairly common in the past of having a Commission, a Royal Commission perhaps, mainly manned by experts from outside, people who come to India and who gain very valuable experience, but whose experience thereafter is lost to the country. (Hear, hear.) We tried a different line. It was a completely swadeshi enquiry, if I may say so, and, possibly, if it had been smaller and more expert in its personnel,

[Sir George Schuster.]

it might have produced a report with more valuable practical recommendations, though I doubt that very much, but in any case the value of what I consider to have been a very valuable experience would very largely have been lost to the country. If my Honourable friend will himself examine the recommendations of the Banking Inquiry Committee, he will find that in the nature of things there was not very much of a concrete practical nature on which we could take action straightaway. On the other hand, the whole enquiry and particularly the Provincial enquiries have established a great deal of valuable information, in fact have constituted a number of volumes of reference to which we are always turning nowadays. For example, we propose shortly to discuss the particular problem of rural indebtedness, and how to deal with the intensification of that problem which has been created by the fall in prices, we propose to deal with that in a Conference, as Honourable Members know, with Provincial representatives very shortly. Now, in most of the papers which have come up, there have been references to the findings of the Provincial Banking Enquiry Committees and we ourselves, in preparing what we have to say on the matter, have referred in many cases to the report of the Central Banking Inquiry Committee, so that I feel that that enquiry, even if it has not produced any spectacular results, has been a very valuable step in the closer approach for India to many a number of economic problems which must vitally affect India and will have gone a long way towards educating public opinion and the representatives of the public in these particular matters.

Then, Sir, my Honourable friend, Mr. Anklesaria, in speaking, referred to the uncertainty of our estimates, and advised us to alter the date of the financial year, so that we might know, by the time we frame our estimates, what were the results of the current monsoon. I think my Honourable friend misunderstood the points which I myself had made when I had referred specially to the difficulty of preparing accurate estimates. I was not then thinking about the normal and natural difficulty which exists in India owing to possible variations in climatic conditions. That, in a sense, with the development of big irrigation schemes, has become much less an important factor of uncertainty than it used to be. Anyhow, it is a fact which every Finance Member has normally got to deal with and he would not be justified in making that an excuse for not being able to make a fairly close estimate. What I have had in mind, in speaking of the uncertainty in the last two years, has, of course, been the uncertainty of world conditions. My Honourable friend has only got to study how the Budget estimates of practically every country in the world have gone wrong owing to miscalculations of the effects of the present economic crisis to realise that there is an uncertainty today which is quite different from any normal uncertainty with which every Finance Minister has to deal.

Reverting once more to the speech of my Honourable friend from Bombay, Sir Cowasji Jehangir, he referred and he dwelt in very moving terms on the difficulties through which the Bombay Government has come. I quite appreciate those difficulties, I quite appreciate that to a Provincial Government a drop of two crores in revenue in one year is the equivalent of, let us say, a drop of something like 10 or 15 crores to us. If the Bombay Government revenue is about 15 crores and our revenue is some-

thing less than 100 crores, if we multiply by seven, we will see that its equivalent for us is a drop of something like 14 crores. I think that if my Honourable friend imagines that the difficulties of Provincial Governments have been greater than our difficulties, he is perhaps misleading himself and misleading the House. It has always been said that in the Meston Settlement, the Central Government were given the growing sources of revenue, the elastic sources of revenue. Well, Sir, they have proved to be elastic sources of revenue, but unfortunately in the wrong sense. They have been the sources of revenue which have shown most clearly and directly the effects of economic depression, and relatively the sources on which Provincial Governments rely have been much more stable. There has been a good deal of talk—and two Honourable Members dealt with that point in this very debate—as to the amount of new taxes which we have had to impose in the last three or four years. I think my Honourable friend, Dr. Ziauddin, dealt with that, and if he had referred to the speech which I made at Ottawa, he would have realised that I myself made that point and made a similar calculation. I have not got the exact figures in my mind, but if one takes the estimates of what we expected to raise from increases in taxation and new taxation, I think by now the amount we expected on the original estimates to raise in that way would certainly be something like 45 crores, that is to say, if those estimates had been realised in full. Of course, they have not, but if they had been realised in full, we should have been 45 crores a year worse off now than we are if we had not imposed these new taxes. Let us assume that we have realised by two-thirds of what we estimated, then we should, on that assumption, be 30 crores a year worse off now than if we had not imposed the new taxes. That represents a gap which is far greater than anything, proportionately far greater than anything with which the Provincial Governments have had to deal. I want to remind Honourable Members, who are interested in studying the course of finance in India during the past few years, I want to remind them of a point which I made in my Budget speech that what we have had to contend with is a double difficulty. We have had the diminution of our tax revenue, but we have also had enormous gaps to make up in the fall of our non-tax revenue, and that is really where our difficulty has come. If one goes back to 1924-25 when the Central Government were still in receipt of Provincial contributions, and if one considers what has been given up since then, the losses in opium revenue, the way in which Railway contributions have disappeared, the way in which our receipts under the interest heads have diminished, owing to the fall in the rates for money, and so on, we find that we had an enormous gap to fill up in that way. I reminded the House that in 1923-24 the non-tax revenue of the Government of India was 30½ crores, that it had fallen in 1929-30, largely as a result of giving up the Provincial contributions, to 19½ crores, and that, for next year, 1934-35, it is down to 5½ crores; that is to say, it has come down since 1923-24 from 30½ crores to 5½ crores. We have had a gap of 25 crores to fill owing to the falling off in non-tax revenue. In those circumstances, obviously it has been unavoidable to attempt to fill up at least a part of the gap by new taxation. At the same time,—and I am very grateful to my Honourable friend from Bombay for acknowledging that fact,—we have effected very handsome retrenchments. We have, as I reminded the House, brought down our net expenditure from 93 crores four years ago to 76 crores this year. That, I believe, is a higher percentage of reduction than has been effected by any Provincial Government.

[Sir George Schuster.]

Now, Sir, my Honourable friend said that it was easy for us to raise extra revenue. I quite admit that it is easier for us to put up the rates of customs duties and income-tax than for the Provincial Governments to increase their excise receipts, while we know that they cannot, in times like these, increase their land revenue assessments. On the other hand, I do think, it is fair to point out that the Provincial Governments have at their disposal quite a large number of methods of taxation which they can explore. I would remind the House of something which I said in an earlier speech that when Sir Walter Layton examined the financial position of India—putting forward, as he did, a very grandiose programme, a programme which, of course, in the light of subsequent events, has become impossible of realisation,—he contemplated that a sum of 36 crores could be put at the disposal of the Provincial Governments and that that was a sort of increase in their revenue which they ought to have if they were to increase properly their allocations to nation-building services. But the point I wish to remind the House about is this that, in finding that 36 crores, he relied only on taking 12 crores from the Central Government revenues, and thought that the Provinces themselves, by tapping their available sources of revenue, could raise the remaining 24 crores. Well, Sir, I would commend to my Honourable friends the study of how he proposed that that should be done. No doubt his figures are exaggerated, but there is a great deal that could be done by the Provincial Governments. I would remind the House that I informed them of a particular possibility, which I myself have made a great many efforts to get them to follow up, and that is taxation on the consumption of tobacco. Bombay, I agree, has made a start and in many ways I fully agree that Bombay has been very active in these matters. But here is a possible field of taxation which I am convinced the India of the future will have to adopt. It is a field of taxation which is greatly relied upon by every country which relies mainly on indirect sources of taxation, as indeed India will always have to do, and I believe that there are great possibilities for India in this field. Admittedly it is a very difficult subject which must be tackled step by step, but I am entitled to say that the Provincial Governments have not perhaps moved as fast in the matter of tackling that problem as they might have done. Anyhow, I wish very emphatically to correct the impression that they have no resources left to them, and that we alone are those who have the power to raise revenue in order to distribute revenue to them and make their task easier. After all, it is the same body of tax-payers which has to pay the revenue both to the Central Government and to the Provincial Governments; and Honourable Members who have spoken in this House on behalf of their Provinces should look at the matter in that way and realise that, if we are to meet their claims, we shall have to turn to heavier impositions as regards income-tax or customs duties which they themselves say are strangling trade. They cannot have it both ways. They cannot have easy money from us without very difficult and unpleasant taxation too.

Sir, I think, that is all that I need say. There will be other opportunities for dealing with many of the points that have been raised in the course of this discussion, and there will be a third reading debate on this Finance Bill which will give one other opportunity. I might, in conclusion, just refer to certain observations that you, Sir, made as regards the conduct of these discussions. This is the last opportunity that I shall have of taking part in Budget debates and I would just like

to put on record a suggestion which is, I think, worth some consideration. It has always seemed to me that we tend to dissipate our efforts and energies somewhat in the course of our budgetary discussion. We have a general discussion on the Budget, then we have a second reading debate on the Finance Bill, and then a third reading debate on the Finance Bill. Each of these three general discussions tends to cover very much the same ground, and, in each of them, it appears to be the recognised convention that any Honourable Member can deal with any subject under the sun. Now, Sir, it seems to me that either the general discussion on the Budget might be merged with the second reading debate on the Finance Bill and a slightly longer time given, or that a convention might be established that it would be in the general discussion on the Budget that general subjects should be raised, and that, when the House deals with the consideration of the Finance Bill, they should adhere strictly to financial subjects. I venture to make that proposal, because as Finance Member I have often felt that I do not get enough criticism of my financial proposals. I want to have criticism: I want to hear the points raised, and I want to have the proposals discussed on their merits. Let me give the House an example. One of the most important issues in the present budgetary programme is this question of the making of grants to Bengal, Bihar and Orissa, Assam and also Burma out of the match excise duty. The provision for that is included in a special head which the House had an opportunity of voting under the demands for grants. Now, although that was, as I consider it, the most important part of the whole of our programme this year and although the House had five days for the discussion of demands for grants, that particular, most important new demand went through under the guillotine. No Honourable Member took the opportunity of raising that issue in the course of those five days. I confess that I was disappointed. I wanted to have this issue raised when we could concentrate on that particular issue and not be left to deal with it incidentally together with a mass of other issues. I am sure that the House will excuse me in one of my last speeches in making these observations which have occurred to me as a Finance Member, because, I am sure that we all have only one object and that is that the time available to this House should be used to the best opportunity, and that the Government should be put in the best possible position of appreciating the criticisms of Honourable Members on all sides.

Mr. President (The Honourable Sir Shanmukam Chetty): The question is:

"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."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The House now stands adjourned till a quarter past two. The Chair would like to inform Honourable Members that in the afternoon today it is proposed to adjourn the House at 3-30 P.M.

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. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that clause 2 stand part of the Bill.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'two annas' be substituted."

An Honourable Member: Why two annas? (Laughter.)

Mr. Amar Nath Dutt: There is laughter from some quarter which indicates that frame of mind which bespeaks too much happiness, but every one of us is not blessed in this world with that frame of mind, and, considering the conditions under which we live in this country, we hardly find many smiling faces, except a very few from Western India or those occupying the front Benches on the Government side. Sir, the article on which it is proposed to impose a duty is an article which every human being, nay, even animals need daily. However high one's position may be in life, I do not think there is any human being on the face of this earth who can do without salt

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Mahatma Gandhi.

Mr. Amar Nath Dutt: I am told of Mahatma Gandhi that he goes without salt, but I do not know how far his statement is correct. Probably he has a better knowledge of persons who belong to his Province, but hailing as we do from Bengal, we cannot do without salt, and we want salt at the cheapest price possible. That may not be the concern of my friends belonging to the Western Presidency, which is a rich Presidency, but I know that there has of late been a campaign to ruin the finances of my Province

An Honourable Member: No, no.

Mr. Amar Nath Dutt: They deny it, but I think they should better prove that they don't mean to ruin my Province by their action rather than by words.

Sir, the arguments which one would repeat in this House in support of this amendment will be those oft-repeated arguments which have been uttered on the floor of this House year in and year out, and I think it will be tiresome for many of the Members who have sat here for many a long year to hear those arguments over again, but as for the small number of new comers, I think they are intelligent enough and their knowledge of public affairs is so great that they need not be enlightened on the necessity of removing the salt duty by repeating those stale arguments. Sir, we all know that for want of sufficient time we are unable to pass many non-official legislations, and I think I should not waste the time of this House or rather I should not occupy the time of the House to that

inordinate length which I can do if I were to place all the arguments advanced in the past in this House. What I want to submit is, although I have retained two annas instead of doing away altogether with this tax,— I see my friend laughs

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhamadan): He does not laugh, but he only smiles.

Mr. Amar Nath Dutt: Yes, he smiles. My friend from Bihar has a better command of the foreign tongue than I have, but still I think, when I said that my friend was laughing, the Honourable the Finance Member must have understood what I really meant. But I may remind my Honourable friend, the Finance Member, that he has not to pay money from his own pocket to distribute in the country before he leaves the shores of this country, but he has only to afford some help to an indigenous industry in this country, specially that of Bengal, where it has a very bright future as will be seen from the reports of the officers who recently examined the possibilities of salt manufacture in Bengal. The words that are in the Bill are "salt manufactured in, or imported by land into, certain parts of British India", and so on. I have not much quarrel with the other portions in the Bill, but I have a quarrel about the duty on salt manufactured in British India. I know, if it were possible, the Honourable the Finance Member would have split up those two, but knowing as he does that without this money he will not be able to give money to the various Departments which need money from his hands, and at times most exorbitant claims are made by some of the Departments to the detriment of other most useful and important Departments,—my friend has mixed up the words "manufactured in" and "imported into" British India. My idea is that salt should be absolutely free like air and water, because it is to be found in nature without any labour from human agency. Water is free and air is free. Of course, if water had to be brought from a distance

Mr. G. Morgan (Bengal: European): It is not free.

Mr. Amar Nath Dutt: It is not free according to my friend, Mr. Morgan. If water is not free, then even air is not free in this House . . .

Mr. G. Morgan: No, it is not.

Mr. Amar Nath Dutt: Because we have to keep the windows open, but ordinarily one feels that water, air and light are free to human beings, and, along with these, salt should also be free, or at least it should be made available at the cheapest possible price . . .

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Is water free?

Mr. Amar Nath Dutt: Water is free. Of course, it may not be free in the Imperial City of New Delhi. If you want to have the luxury of living in the Imperial City of New Delhi, you must pay for water, but we, humbler folks, who live in villages and have our own tanks, have not to pay for water so far.

[Mr Amar Nath Dutt.]

So, I think if the House is generous enough, if the Members have a warm and sympathetic heart beating within them for the poor millions of this country, if they have the future development of the salt industry in this country at heart, and if they are real patriots, they will support the amendment which I am moving, lowering the salt duty. I assure them that a grateful posterity will remember their names, and I invite Sir George Schuster to join that noble band of glorious workers for this sacred land, so that his name may be perpetuated in the annals of this country of ours like the names of great administrators like Sir William Bentinck, Lord Ripon and others. I do not include in that list the name of Mr. Wilson who inflicted income-tax on India, because that may not be a very pleasant thing. With these words, I beg to move my amendment, and I appeal to every one in this House to support this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'two annas' be substituted."

The Honourable Sir George Schuster: Sir, I feel like taking the words from the mouth of the clown in the old Christmas circuses who came in saying: "Here we are again". (Laughter.) This is a well worn topic, and, I am sure, my Honourable friend will be satisfied if I refer him to the answers which I gave in the Budget debates of 1929-30, 1930-31, 1931-32, 1932-33 and 1933-34 with reference to this subject. My Honourable friend, I hardly think, regards this as a practical proposition. It would mean a loss to the Government of Rs. 7,31 lakhs. There is just one point that I would like to mention before I sit down. I happened in the lunch interval to look at a book which gave summaries of the Budgets of past years. I noticed in the year 1891-92 the total net revenue of the whole of India, including what is now covered by Provincial Government revenue, was Rs. 57 crores, and, out of that, the net revenue from salt was Rs. 8,58 lakhs. It was rather more than our present net revenue from salt. During that year, there was no income-tax, the net return from customs was Rs. 1,36 lakhs. I think the House will appreciate that salt is rather lightly dealt with in proportion to other heads of revenue in this year of grace 1934-35. I am afraid I must oppose my Honourable friend's amendment, and, if it could save time, I would give notice that I propose to oppose all his further amendments.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'two annas' be substituted."

The motion was negatived.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): I want to move only No. 6* on the list, and if my Honourable friend, Mr. Amar Nath Dutt, wants to move his amendments, he may now do so; I shall then move No. 6* on the list.

*"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

I think that this will lessen the deficit which the Finance Member complained of, and I hope he will be pleased to accept this amendment. Although he has said that he is going to oppose the amendment, still he may change his mind. In view of the fact that one of my amendments has been lost, I hope that the House will not treat me in the same way with regard to every one of my amendments. In this connection, I remember a story about a very junior pleader. He had a large number of appeals before a certain Court, and those appeals were almost all groundless, though there was always the certificate, "I believe that these are very good grounds of appeal". One by one when the appeals were taken up, the pleader lost. There were other appeals in which the grounds were still flimsier. This junior pleader went to the presiding Judge and said: "Take away my *shamla* (in those days it was worn) and take away my *sanad*. They are big pleaders, and if you go on deciding all cases in their favour, take away my *shamla* and my *sanad*." (Laughter.) In fact, he won the rest of the appeals by this eloquent speech. I am playing the role of that junior pleader here, and I take my hat off and ask you, if you go on treating all my amendments like this, where are we? So, for goodness's sake, please accept this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

Has Sir George Schuster changed his mind?

The Honourable Sir George Schuster: No, Sir.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'eight annas' be substituted."

The motion was negatived.

Mr. Amar Nath Dutt: Sir, I beg to move:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'twelve annas' be substituted."

(Laughter.)

Somebody is impatient. I do not know why he should be so impatient. I am not making long speeches. Only I told some stories for their amusement. This amendment of mine will lessen the deficit which my Honourable friend, the Finance Member, complained of, and I still hope that he will change his mind.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, for the words 'one rupee and four annas' the words 'twelve annas' be substituted."

The motion was negatived.

Mr. M. Maswood Ahmad: Sir, I beg to move:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Till now my Honourable friend suggested something to be substituted, but now I suggest something to omit from the clause. (Laughter.)

I would, in this connection like to say one or two words, and I hope the Finance Member will hear me. The Honourable Member, while replying to the general discussion on the Finance Bill, said that salt was an article which had got the capacity to bear taxation. If the taxes on certain articles have not gone down, it does not mean that the article has got a capacity to bear more taxation or that people do not feel it. My main argument is that salt is a necessity of life. Whatever taxation may be proposed by my Honourable friend opposite, he will get the amount all right, but the realisation they will make will not be a realisation in the true sense. It will be a realisation by means of coercion and by means of force. People cannot stop using salt; they must take it for the sake of their health, but it does not mean that salt is an article which can bear this amount of taxation.

In these days you will find that the prices of all the articles have gone down to some extent, and it is only salt on which the price has not gone down. Apart from this, if you see other taxations which are paid by the well-to-do people in this country, you will find that the proportion which they pay out of their income is much less than what is paid by the poor people in this country. I want to draw the attention of my Honourable friend that he should never think of increasing the price of salt any more, either in future years or at the time of the Simla Session. At present the people of this country are really feeling this taxation to a very great extent, especially the people in Bihar and Bengal. Sir, the prices have gone up and the revenue which these Governments get or, in other words, which is returned to these Governments is not enough to justify such high taxes.

With these observations, I propose that instead of increasing the price of salt, the time has come when the tax on salt should be reduced to some extent. (Hear, hear.)

Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

Mr. N. M. Joshi (Nominated Non-Official): Like my Honourable friend, Mr. Amar Nath Dutt, I do not wish to repeat the speeches which I had delivered on this subject. At the same time, it is necessary, even though it may be every year, that we should enter our emphatic protest against the policy which the Government of India have been following in imposing taxation in a disproportionate manner on the different classes in this country. Even the Taxation Inquiry Committee, which was appointed by the Government of India, reported that in India the indirect taxation was much higher than the proportion of direct taxation when compared with other countries. Now this is the one indirect tax which is the worst of all the indirect taxes, and we should immediately do away with the tax and resort to other and better methods of taxation. If the Government of India had been following a right principle of taxation, namely, taxation according to the ability of the people to pay the tax, then there was really in India no scope for tax like the tax on salt, kerosene, matches and such others. I have already pointed out that salt is the worst of these taxes, and the

Legislature especially do not accept the proposal of the Government of India. In this connection I would like to point out the figures which the Honourable Member has given in his speech on page 42.

The consumption of salt in India is going down and has gone down. He gives certain figures on that page. The average of ten years ending 1930 is 1,965 thousands. That is the total consumption of salt. In 1933, the consumption of salt is 1,884 thousands. The consumption has gone down. The consumption for 1932 was 1,954 thousands. In 1932, it has gone down. In 1933, the consumption of salt has still further gone down and the percentage in 1932 was 99. In 1933, it is 96. If we take the value, the total is really much larger. Now, the average value of the consumption of salt in India is 12 crores 74 lakhs. In 1932, the average value of the salt consumed was 10 crores 98 lakhs less than a crore and a half. In 1933, the value of the salt consumed is 10 crores 54 lakhs. You will find that the value of the salt consumed has gone down, and I am concerned more in this matter with the quantity of salt consumed, and it is quite clear from the figures given by the Honourable the Finance Member that the consumption of salt is going down.

Khan Bahadur Mian Abdul Aziz (Punjab: Nominated Official): What evidence is there to show that the reduction in the consumption of salt is reduction in human consumption and not in consumption by cattle or by other quadrupeds?

Mr. N. M. Joshi: It is quite possible that the consumption of salt may have been reduced for various causes. I am quite willing to take up any figures which my Honourable friend may give as regards the proportion of salt which is consumed by human beings and that which is consumed by cattle. I have got no figures on that. I am using the figures which the Honourable the Finance Member has given. If the Honourable the Finance Member has some other figures in greater detail, I shall be very glad to hear them. I, therefore, think that the time has come when we should follow a right policy in the matter of taxation. If we continue this tax, when the condition of the people is getting worse and worse every day, the income of the Government will also be reduced, because the consumption of salt will be reduced. I hope the Assembly will accept this amendment to show its protest against the policy of the Government in this matter of taxation and also take this motion to a division.

The Honourable Sir George Schuster: My Honourable friend who moved this amendment put before the House two alternatives, either accepting his amendment or seeing the duty increased. But the issue before the House is not that, but as to whether the amendment is to be accepted or the present duty is to be maintained. The financial result of this proposal would be a loss of one crore and 62½ lakhs, which we cannot, of course, meet.

My Honourable friend, Mr. Joshi, has supported the amendment on general grounds in order to voice his protest against Government's methods, and his advocacy of Government following what he describes the right methods of taxation. I would be very glad to know exactly what my Honourable friend has in mind. He seems to think that we are trying to raise too large a proportion of our revenue by means of indirect taxation. I do not think any critic could accuse us for not having included in our recent measures a proper proportion of direct taxation. It is all very well for my Honourable friend to quote the Taxation Inquiry Committee as to the relative importance of indirect and direct taxation in India, but there is only

[Sir George Schuster.]

one clear method of direct taxation, and that is taxes on income, and I think India can probably claim a proud position of standing very high, probably I think higher than any country in the world except the United Kingdom, in the rates of tax which she levies on incomes. If my Honourable friend wants us to take more from incomes, I think he will be sending us up a most difficult and unproductive road. Sir, on general grounds, I must oppose this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That in clause 2 of the Bill, the words 'and four annas' be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that clause 2 stand part of the Bill.

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is that clause 3 stand part of the Bill.

Mr. M. Maswood Ahmad: Sir, I move:

"That part (a) of sub-clause (1) of clause 3 of the Bill be omitted."

In this connection I want to say that at present there are three rates for the duty on cigarettes. The first is that if the cigarettes are of a value of less than Rs. 6 per thousand, then the taxes are charged at the rate of Rs. 8-8-0 per thousand, and when the cigarettes are of a value of above Rs. 6 per thousand but less than Rs. 10-10-0 per thousand, then the taxes are levied at the rate of Rs. 10-8-0 per thousand, and when the cigarettes are of a higher value than Rs. 10-8-0 per thousand, then the taxes are levied at the rate of Rs. 15 per thousand. Now, the Honourable the Finance Member has suggested that instead of this rate of duties, there should be a 25 per cent. duty *plus* a specific duty of Rs. 5-15-0 per thousand.

Sir, once I went to the Whiteaway Laidlaws, and there I found that the rates for different articles were something like Rs. 4-15-0, Rs. 3-15-0, Rs. 2-15-0, and so on, and I now see, my Honourable friend has also followed the same policy. Instead of making a round sum of Rs. 6, he has proposed a tax of Rs. 5-15-0. Sir, what will be the result of this taxation which has been proposed by my Honourable friend? In future the cigarettes of the value of Rs. 6 per thousand, which are at present taxed at the rate of Rs. 8-8-0, will be taxed Rs. 1-8-0 at the rate of 25 per cent. *plus* Rs. 5-15-0 per thousand, and that will make the duty Rs. 7-7-0 per thousand. So my Honourable friend has proposed that instead of Rs. 8-8-0 on the quality of cigarettes, the tax should be Rs. 7-7-0 only, and, in the case of a better quality as well, that is, say of the value of Rs. 10-8-0 per thousand which are at present charged Rs. 10-10-0 per thousand. But under the proposed scheme they will be charged Rs. 2-10-0 *plus* Rs. 5-15-0, that is, Rs. 8-9-0 per thousand that is, they want to make also those cigarettes cheaper. For cigarettes above Rs. 10-8-0 in value, that is, of the value of Rs. 12 per

thousand, are at present charged Rs. 15, but in future they will be charged Rs. 3 plus Rs. 5-15-0 that is, Rs. 8-15-0 per thousand only. So in this way they want to decrease the prices of foreign cigarettes which are sold in this country.

I say, cigarette is a kind of luxury, no one can deny that; further, nowadays, in India, many kinds of cigarettes are made; so, instead of protecting this industry, they want to make this industry subject to competition by means of reducing the taxation on foreign cigarettes. The net result will be that foreign cigarettes will be sold in India at a cheaper rate, and when the foreign cigarettes will be sold in India at a cheaper rate, the Indian industry will suffer, and at the same time the agriculturist will also suffer to a great extent, because in Indian cigarettes Indian tobacco is used, while, in foreign cigarettes, only foreign tobacco is used. Further, Sir, I know that my Honourable friend would say that at present there are some factories in India which make cigarettes in India, but they import unmanufactured tobacco, and, by means of that tobacco, they prepare cigarettes: and my Honourable friend in his speech on page 20 has said:

"and I do not think it could make a good claim that it satisfies the principle of discriminatory protection and should, therefore, receive abnormal encouragement from the tariff."

Then he said:

"We have now decided to fix the relation between the duty on cigarettes and the duty on raw tobacco."

I say, if they really want to fix the relation between the tobacco imported and the cigarette imported, then the best course for them would have been—and this would have been gladly acceptable also to us—that instead of decreasing that taxation, they should have increased the taxation on tobacco. It would then have served two purposes. One is that it would have protected the agriculturist, and Indian tobacco would have been used, and further it would have made the price of cigarettes a bit higher. Sir, at present we find that in villages even children nowadays smoke cigarettes causing thereby a great harm to their health. They waste the money, and the way in which they get this money is well known to the Members on this side of the House. What a great trouble their parents and other people bear on account of the use of cigarettes by them! Many cases of house burning have taken place in different villages while children were using cigarettes in the corner of the hut so that their ancestors might not notice it. So, as I said, it is a very bad policy to decrease the duty on cigarettes. They must increase the duty on cigarettes. My Honourable friend may say that because tobacco is imported at a cheaper rate, they want to maintain some relation in the competition between the imported tobacco and the foreign cigarettes. In that connection, my Honourable friends are not justified, because, in the manufacture of cigarettes in India, though the tobacco may be imported, many Indian labourers are employed in these factories. So, if our friends cannot give up smoking of cigarettes, it is better for them to smoke Indian cigarettes made of Indian tobacco. If they want a better quality and cannot use Indian cigarettes made of Indian tobacco, then they should use Indian cigarettes made of foreign tobacco. Even that would be better than having the entire quantity of cigarettes coming to India from outside made of foreign tobacco and by foreign labour. Sir, in these days of depression, the Indian labourers are out of employment, and thousands of them are starving and are roving

[Mr. M. Maswood Ahmad.]

about on the streets. Many factories have been closed down, and still my Honourable friend wants to fix the relation between the tobacco and the cigarette by means of decreasing the duty on cigarettes. I say, Sir, that nowadays there is no competition between tobacco and cigarette, rather it is a sort of competition between the Indian labourers and the foreign labourers. My Honourable friend wants that by means of increasing the duty on tobacco and by means of decreasing the duty on cigarettes, the mills which are working in this country and manufacturing cigarettes should be closed down and markets should be open for foreign cigarettes. Thus, the foreign labourers who are working in their own land may prepare cigarettes and send them to be used in this country. Therefore, we, on this of the House, seriously oppose it. For this reason I want to move that this clause should be deleted from the Bill and the tax on cigarettes should not come down.

Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That part (a) of sub-clause (1) of clause 3 of the Bill be omitted."

Mr. G. S. Hardy (Government of India: Nominated Official): Mr.

President, I should like, in the first place, to remove the slight
3 P.M. misapprehension from which, I think, my Honourable friend is suffering. Quoting from the Statement of Objects and Reasons, he said that the duty on cigarettes, the value of which did not exceed Rs. 6 per thousand, was Rs. 8-8-0 per thousand. In point of fact, that is not the rate of duty prescribed in the tariff. When the last surcharge was imposed, it was pointed out that on the very cheap imported cigarettes we were likely to lose a great deal of duty, because the rate under the surcharge was so high and we accordingly reduced that rate by notification hoping that we should retain a certain amount of the revenue. That hope was not fulfilled, and, within a very short time, the import of these very cheap cigarettes had ceased almost altogether.

Mr. M. Maswood Ahmad: So much the better.

Mr. G. S. Hardy: Certainly. Now, Sir, that is the class of cigarette the import trade of which our present proposal is designed to assist. We have lost that import trade altogether. The class of cigarette which is affected is the luxury class. It is a class which, when made in India, is made entirely from imported tobacco, and the quantity of such cigarettes, that is consumed in India, is very small compared with the total output of cigarettes in India. Now, Sir, we considered the point that, if we reduce the duty in order to recover the same amount of revenue, we should be reducing, to some extent, employment in the cigarette factories in this country. But as the quantity is so small, compared with the total output of these factories which manufacture cigarettes from Indian tobacco, we did not think that we should be justified in asking the general tax-payer to pay for this very small addition to employment. In effect, it comes to this: What should we do to recover the duty we have lost on these imported cigarettes? They are manufactured by large Corporations who formerly imported them and those

Corporations do that merely because it pays them better to manufacture them here from imported tobacco than to manufacture them in England and to pay us the duty. During the last five years, we have lost a very considerable amount of duty in this way. In 1928-29, we got 1,47 lakhs duty out of cigarettes. Last year we only got 99 lakhs, and this year we are not likely to get even as much as that. Now, Sir, that would not be so bad if we had got back some of the amount from the duty on unmanufactured tobacco, but last year the duty on unmanufactured tobacco brought us less than it had done five years ago. Therefore, we are down on the whole of the tobacco duty by something between a crore and a crore and a half as compared with five years ago.

Sir Cowasji Jehangir: How much the imported tobacco has brought in?

Mr. G. S. Hardy: Last year it brought in 99 lakhs and this year 67 lakhs. In 1928-29, it brought in 1,04 lakhs. We have lost, as I said, between a crore and a crore and a half on our tobacco duties, and the object of this reduction in duty is quite definitely to get more revenue.

Mr. Gaya Prasad Singh: And encourage the import of foreign cigarettes in this country!

Mr. G. S. Hardy: We are encouraging the import of cigarettes which are made in this country from precisely the same article. The only advantage in having those cigarettes manufactured here is the additional employment of perhaps an extra ten per cent. in the tobacco factories staff, while, at the same time, the general tax-payer has had to pay elsewhere something like a crore of duty for that privilege. In those circumstances, I do not think we can possibly agree to give up this proposal. It is not designed in the interests of any particular manufacturing industry; on the contrary, it is designed entirely in the interests of our revenue. And we feel that, as far as the manufacturing interests in this country are concerned, it makes very little difference to them one way or the other. Sir, I must oppose this amendment.

Sir Cowasji Jehangir: Sir, I think that nowadays in Europe it is the accepted principle to encourage in a country the manufacture of goods which would ordinarily be imported by manufacturers from outside the country. Take England. She encourages the Ford Company to come and manufacture Ford motor cars in England, she encourages Coty, the great scent manufacturer, to come to England and manufacture scent. They do not oppose it. They encourage it, and I think that was a principle which Government desired to place before this House most emphatically whenever they brought forward proposals for protecting indigenous industries. This side of the House on more than one occasion has complained that, if you protect an industry and if a foreign industry comes and establishes itself in this country, it is a policy that they do not wish to encourage.

Mr. G. S. Hardy: I do not think the Government of India have ever committed themselves to protection of the tobacco industry. Even the enquiry . . .

Sir Cowasji Jehangir: I am talking of the general principle. Well, some of us have contended that if by a protective duty foreign manufacturers are encouraged to come to this country, it is nothing to be complained about. They employ labour, they teach us how to manufacture the article, and, in time to come, we hope that the indigenous manufacturer will replace the foreign manufacturer even in this country.

Now, Sir, my Honourable friend has given us some figures with regard to this cigarette duty. I admit that it is a pure and simple revenue duty upon imported cigarettes. It was never intended to encourage the indigenous industry. The revenue duty was so high that the manufacturer in Europe, in England especially, came and established his factories in this country. He employed labour and he showed the way how the article can be replaced by the indigenous article manufactured from the imported raw materials. As soon as he had done it, the Government find that they have lost a little revenue and they go back and they discourage him from manufacturing the article in this country and encourage him to import it. But these figures that my Honourable friend has given are rather illuminating. If I have got the figures correctly, they are as follows. Imported cigarettes brought in 1.47 crores, this year it is bringing five lakhs

Mr. G. S. Hardy: Last year 29 lakhs, this year 23 or 22 lakhs.

Sir Cowasji Jehangir: A very big drop. The raw material, that is tobacco, brought in 104, 99 and 67 lakhs. These are the figures I took down. Now, Sir, the one must go up while the other comes down, how does it happen that both have gone down?

Mr. G. S. Hardy: Because a great deal of imported tobacco was formerly used for the very cheap class of cigarettes and that class of cigarette is now made almost entirely from Indian tobacco. The whole of the tobacco which paid a duty of 1.04 lakhs in 1928-29 is not accounted for by the class of cigarette which has replaced the important class of imported cigarettes. Two things have been going on, the one is that a better class of cigarette has been made out here, for the Companies out here are finding it more and more possible to get good Indian tobacco to make the cheaper classes of cigarette with which the cheaper classes of imported cigarettes can no longer compete

Sir Cowasji Jehangir: My Honourable friend has damned his case for all time. What he means to say is that, due to this duty, the indigenous raw material was being used in large quantities and that this duty encouraged the use of the raw material, and, therefore, he desires that the manufactured article from the raw material grown in foreign parts should again be encouraged. That is his answer.

Mr. G. S. Hardy: I did not say that it was the duty that had encouraged the use of Indian tobacco in place of the imported tobacco for the cheaper cigarette. There has been a definite improvement in the quality of Indian tobacco suitable for making cheap cigarettes. All I said was that that accounted for the fact.

Sir Cowasji Jehangir: But the fact remains that, as soon as you facilitate the import of the manufactured cigarette from foreign grown tobacco, it is bound again to compete with the cigarette manufactured in this

country from indigenous tobacco. It must follow. That is obvious. Therefore, we are opposed to this duty. I do not know why the excellent effect, that the duty has had upon the manufacture of an article in this country from indigenous raw material, should be discouraged. I have nothing to do with who makes it. As a matter of fact, the same manufacturers are concerned, and are interested. It is the manufacturer in England who makes the cigarette in England from foreign grown tobacco, who makes the cigarette in this country from the indigenous tobacco. He gives employment to more labour, he uses more of the home grown indigenous tobacco. He ought to be encouraged in every way.

The Honourable Sir George Schuster: I do not want to interrupt my Honourable friend, but I think he is really unconsciously misleading the House. The essential point is that the change that is being proposed now is a change in the relation between the duties on raw tobacco and on cigarettes. Actually our proposals have increased the import duty on raw tobacco and reduced the import duty on cigarettes, so that, as far as encouraging the use of indigenous tobacco is concerned, our proposals will certainly not go to discourage the use of indigenous tobacco, on the contrary, they will rather tend to encourage the use of indigenous tobacco.

Sir Cowasji Jehangir: My Honourable friend is reducing the duty on imported cigarettes. That is what is going to compete with manufacturers of the article in this country or the indigenous tobacco.

The Honourable Sir George Schuster: That is not really the case, because these cigarettes that come in question here do not in the least compete with the cigarettes that are made out of Indian tobacco. They are quite a different quality of cigarettes. I would just like to call the attention of the House to one other point. Mr. Hardy quoted the figures for tobacco, the duty on raw tobacco going back to 1928-29. Actually, in recent years, the thing has been working, as my Honourable friend expected the actual import duty on unmanufactured tobacco in 1930-31 was only 24 lakhs and that went up to 40 lakhs in 1931-32, to 99 lakhs in 1932-33 and we are estimating for 70 lakhs in the next year's Budget. The big drop in the imports of unmanufactured raw tobacco occurred sometime ago.

Sir Cowasji Jehangir: My point is this that you are encouraging the imported article more than you did before. That you cannot.

The Honourable Sir George Schuster: Of a particular quality of cigarette.

Sir Cowasji Jehangir: Now, Sir, I know of cases myself and my experience is by no means very wide, where, on account of the high cost of cigarettes, a man deliberately gives up the better brand and gets accustomed to the cheaper cigarettes, and, undoubtedly, on account of the higher cost and the depression, the man, who would have preferred the imported cigarette from pure Virginian tobacco, has had to go to the cheaper tobacco, whether it was made of Indian tobacco or whether it was made of Virginian tobacco, it did not matter, he had to go, as a matter of fact, to the cheaper stuff. Now, what will happen is this. If you make the imported article cheaper, paying a little more, he may go back to his old taste and develop again a taste for Virginian tobacco. The result will be

[Sir Cowasji Jehangir.]

a certain set-back to cigarettes made in this country from Indian tobacco. I am glad to hear that the Indian tobacco has improved to such an extent that such a change was possible, that a man smoking the imported article could train himself to smoke cigarettes made out of the Indian tobacco. My Honourable friend, Mr. Joshi, is a hard smoker of cigarettes, and he is a bit of an authority. I can tell you that if Mr. Joshi, who knows what a rupee means, can get a cheaper cigarette made in this country, he will change his tastes and so change them that he will smoke the cheaper article and all the more so if he knows that the tobacco is Indian. Under those circumstances, I would not like to try any experiment. Your revenue duty has done a distinct good, it may be by accident. You may have instituted the duty for revenue purposes, but you have done a service to the country, and, under the circumstances, I would ask Government to think twice before they undid the service they have done by making the imported cigarette cheaper. If you like, raise the duty on imported tobacco. That may encourage an improvement in the tobacco of this country. Consider that problem. I have no objection if you think that is advisable, but do not discourage the manufactured article in this country. There are some of us here who believe it ought to be discouraged, because it is not manufactured by Indians in this country. I do not take that line. I would encourage those manufacturers to come to this country, establish their factories, show us the way, take our labour, and, in time, we do hope to be able to set up other factories ourselves in competition with those factories set up by these multi-millionaire Companies in England who can afford to try experiments in this country and bring their factories here even at a chance of making a loss which we in this country cannot do. We have no money and cannot make experiments, and we welcome their experiments in this country. We welcome them to come here and manufacture their articles in this country which we are unable to do, because we have not got the money to make experiments.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): Sir, the short question that perplexes me at this moment is this. The Honourable the Finance Member has stated that the reduction of duty is upon imported cigarettes of a superior kind. I should like to ask him or Mr. Hardy one question. What is the retail price of these cigarettes now, and what is likely to be their price if the reduction of duty is carried by this House? What is the price and how does the price of imported cigarettes compare with the product of the indigenous factories, that is to say, the cheaper cigarettes made out of Indian tobacco? I should like the Finance Member to inform the House on this point, because we don't know to what extent the reduction of duty would bring into active competition the imported cigarette with the indigenous article.

Mr. G. S. Hardy: It is rather a general question, because, as my Honourable friend knows, there is a very great range and variety in the prices of cigarettes. But I think I am correct in saying that, before the second surcharge was imposed, a large proportion of the imported cigarettes sold retail at about one rupee for 50. That was the retail price. At present those same brands of cigarettes are being sold at one rupee for 50, but they are made in this country from imported tobacco. They are still marked "Bristol and London" and I think a great many of the consumers are not aware that they are smoking Indian cigarettes.

Sir Cowasji Jehangir: I think they have dropped the word "London" now?

Mr. G. S. Hardy: I do not think so. They are still being sold for one rupee, and they are paying a small raw tobacco duty instead of paying the full cigarette duty. Of course, there are other brands. If we reduce the duty as we have proposed, the imported cigarette of that quality will just be able to compete with the one made in this country on equal terms. On more expensive brands the reduction will be slightly less; and if you get the class of cigarette, that some of my Honourable friends in this House import, they may actually have to pay more, because the higher you get in scale the more the 25 per cent. *ad valorem* duty becomes, and, on the real luxury cigarette, that is, the cigarette costing Rs. 30 to Rs. 40 a thousand and anything above that, we are actually increasing the duty.

Sir Cowasji Jehangir: How are you increasing the duty on all expensive cigarettes?

Mr. G. S. Hardy: Because we are levying 25 per cent. *ad valorem*. At present all cigarettes above Rs. 10-8-0 a thousand pay Rs. 15. Now we are going to levy 25 per cent. *ad valorem*. Take a cigarette valued at Rs. 60 a thousand. We are going to get 25 per cent. *plus* Rs. 5-15-0.

Sir Hari Singh Gour: Do I understand Mr. Hardy to mean that, in the case of the cheaper brand of imported cigarettes, the reduction of duty will bring them into active competition with the indigenous product?

Mr. G. S. Hardy: No, Sir, not on the cheaper brands. It is only on what I may call the medium brands, the brand that sells at one rupee for 50, not the brand smoked by the children in the villages to whom Mr. Maswood Ahmad referred, but the brand made from imported tobacco. I do not think that the children, for whom Mr. Maswood Ahmad has such consideration, are ever seen smoking cigarettes made from imported tobacco.

Sir Hari Singh Gour: Then it comes to this that the imported cigarette of medium brand will come into active competition with the indigenous product, and as we are improving our own tobacco and the quality of our cigarettes,

The Honourable Sir George Schuster: My Honourable friend is misquoting what Mr. Hardy said. He said that, with regard to the cigarette manufactured from imported tobacco in this country, there was no question of competition with cigarettes made from Indian tobacco.

Sir Cowasji Jehangir: May I point out that DeRetzke Virginian cigarettes imported today are Rs. two a hundred, and that they are not manufactured in this country?

The Honourable Sir George Schuster: That is exactly the price that Mr. Hardy quoted.

Sir Cowasji Jehangir: But that is bound to come into competition with the better class of cigarettes manufactured in this country from indigenous tobacco.

Sir Hari Singh Gour: I think the Honourable the Finance Member did not care to listen to me when I was saying that the competition would be with the indigenous product, and I did not say that it would necessarily be in active competition with the product of indigenous tobacco, which my Honourable friend seems to have misunderstood. The point I am making is this. Here you have a medium class cigarette which comes into this country at the present rate of duty. Our tobacco, according to all accounts,—and that is conceded by Mr. Hardy,—is improving in quality, because it pays the indigenous tobacco grower to improve the quality of his tobacco and supply the growing want for a better class cigarette. If the foreign cigarette comes into this country by paying a lower scale of duty, to that extent it would retard the progress already made in this country for improving our quality of tobacco. I know, Sir, that in Southern India tobacco of a better kind is being produced in increasing quantities and the Imperial Tobacco Company is increasing the manufacture of their cigarettes from tobacco obtained from South India. I, therefore, think,

Mr. G. S. Hardy: At what price are they selling those cigarettes? .

Sir Hari Singh Gour: I think that was the question put by me to Mr. Hardy and he said that they are being sold at one rupee.

Mr. G. S. Hardy: No, Sir. I said the medium class of imported cigarette was being sold at one rupee, but I do not think that any tobacco has yet been produced in India from which cigarettes of that class can be manufactured. Even the cigarette, which the Imperial Tobacco Company can sell at 12 annas, contains a certain proportion of imported tobacco; but they have at least reached a stage where they can put, what I may call, the 10 to 12 anna class of cigarette on the market made wholly from indigenous tobacco. The Indian production of tobacco has not nearly reached a stage when the one rupee class can be manufactured.

Sir Hari Singh Gour: I think the Honourable Mr. Hardy is speaking for me all along; and I thank him for assisting me to that extent. He has pointed out, and very clearly pointed out, that the medium class tobacco costs one rupee per fifty and the Imperial Tobacco Company manufactures a cheaper brand of cigarette costing about 10 or 12 annas for a tin of 50, in which they are using an increasing proportion of tobacco of indigenous growth, and to that extent it encourages the agricultural industry in Southern India. Therefore, we say that the growth of that industry will be retarded if you were to allow the influx of foreign cigarettes by reducing the duty and for which I humbly submit no case has been made out.

Mr. S. C. Mitra: Sir, in this clause, so far as I understand the Honourable the Finance Member's point of view, which is, I think, a little different from Mr. Hardy's, in clause (a) they want to lower the duty on foreign imported cigarettes, while in clause (c) they want to raise the duty on raw material of the imported cigarette, I mean the unmanufactured imported tobacco. So far as I understand the Honourable the Finance Member, he thinks that there are people with special tastes for cigarette—one class of people will only smoke foreign imported cigarettes or cigarettes made from

raw material imported from outside. If that be so, then he contends that this class of cigarette will not be competing with the indigenous manufactured cigarette; and he argues, as I find from page 20 of his speech, as follows:

"My remarks relate to a very important trade that exists in this country in a type of cigarettes which, even when made in India, are made exclusively, or almost exclusively, from imported tobacco, and experience indicates that we have not adjusted properly the relation between the import duty on raw leaf and the import duty on the finished article. Under our present tariff, as modified by the two surcharges, the duty on cigarettes works out at something like double the duty on the tobacco used in making similar cigarettes in India; and the result has been to divert the manufacture of the great majority of the leading brands of cigarettes to factories in India belonging to the same interests as previously imported those brands from abroad."

Our contention is this: If this trade of manufacturing cigarettes with imported raw material is established here in India, why should we, now by raising the duty on this imported raw tobacco, discourage this manufacture? It has been very clearly pointed out by Sir Cowasji Jehangir that in other countries also they try their best, if they cannot produce a thing themselves, at least to have the manufacturing processes which give employment to a large amount of labour in the country; this is particularly done in England as regards cigarettes, and even accepting the argument in full that we cannot produce the same kind of cigarette that will be suited to the peculiar fastidious tastes of some gentlemen, we certainly claim that this industry should be encouraged in India, because it will help our labour and we will derive other benefits. That is my point so far as raising the duty on raw tobacco is concerned. I urge that this duty should not be raised.

As regards the other point, the duty on the finished product, it has been well established that the tobacco or cigarette is consumed by people who can afford to pay, and there is no special ground, unless the Government think that the law of diminishing returns is working very rigorously, for reducing it at all.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 22nd March, 1934.