

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 27th MARCH, 1934

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OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Tuesday, 27th March, 1934.

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

QUESTIONS AND ANSWERS.

RETRENCHMENT ON COMMUNAL BASIS IN THE POSTAL AND RAILWAY MAIL SERVICE, PUNJAB CIRCLE.

549. *Sardar Sant Singh: (a) Will Government be pleased to state whether there is any order to the effect that retrenchment in the Postal and Railway Mail Service, Punjab Circle, should be made on communal basis? If so, are there any further orders that, due to communal basis, officials with less than thirty years' service may be retrenched in case no official with thirty years or more service is available in any particular community?

(b) If the reply to part (a) be in the negative, are Government prepared to issue instructions to the Postal Authorities in the Punjab Circle to retrench officials according to seniority of service and not on communal basis?

(c) Are Government aware that in the Punjab Postal and Railway Mail Service Circle, Sikh officials with less than thirty years' service are being retrenched and that officials of other communities with much more than thirty years' service are not affected?

(d) In case retrenchment is made on a communal basis, are such officials of the minority community, especially Sikhs, affected who do not even complete thirty years of service?

The Honourable Sir Frank Noyce: (a) There are no special orders of retrenchment applicable to the Punjab Postal and Railway Mail Service Circle but the general orders of Government are being followed there as elsewhere and are as explained in the reply given by the Honourable Sir Harry Haig to part (a) of Mr. Muhammad Anwar-ul-Azim's starred question No. 439 in this House on the 21st February, 1933. According to these orders, when no official of a particular community having at least 30 years' service is available, it is permissible to retrench one of that community having less service, in preference to officials of other communities with longer service, so as to maintain the ratio between the various communities which existed before the retrenchment.

(b) Does not arise.

(c) Government have no precise information, but the occurrence of such cases is not improbable, as the Honourable Member will see from the reply given to part (a).

(d) The Honourable Member is referred to my reply to parts (a) and (b).

**OVERHAULING OF THE ARCHÆOLOGICAL GALLERIES OF THE INDIAN MUSEUM,
CALCUTTA.**

550. ***Mr. Gaya Prasad Singh:** Will Government please state:

- (a) whether the archæological galleries of the Indian Museum, Calcutta, were re-arranged by Rai Rama Prasad Chanda Bahadur, the late Superintendent of the Archæological Section, with the approval of Sir John Marshall who was then Director-General of Archæology in India;
- (b) whether it is a fact that the same galleries are again being overhauled? If so, whether and when the present scheme of re-arrangement was submitted to and approved by the present Director-General of Archæology;
- (c) what was the urgent necessity for overhauling these galleries within such a short period of time and also when the Government of India have not yet tided over their present financial stringency; and
- (d) how far the Muslim gallery has been added to or otherwise improved upon?

Mr. G. S. Bajpai: (a) and (b). Mr. Chanda re-arranged only two galleries dealing with the Hindu and Buddhist periods and organised one gallery of exhibits of the Muslim period. The remaining two galleries, i.e., the Gandhara and pre-historic galleries have been re-arranged since under the instructions of the present Director General of Archæology.

(c) This was necessary in the interests of visitors and students as well as of the exhibits and has been accomplished within the departmental budget.

(d) No important additions have been made.

**PROPOSAL TO INCREASE THE OVERSEAS PAY AND OTHER ALLOWANCES
OF THE MEMBERS OF THE IMPERIAL SERVICES WITH A NON-ASIATIC
DOMICILE.**

551. ***Mr. Gaya Prasad Singh:** Will Government be pleased to state whether any recommendations have been made to the Secretary of State for India to increase the overseas pay and other allowances given to members of the Imperial Services with a non-Asiatic domicile? Has any proposal to increase such allowances been recently considered by Government, and, if so, with what result?

The Honourable Sir Harry Haig: The Government of India have recently forwarded to the Secretary of State their recommendations in regard to the pay of future entrants to the Indian Civil Service and the Indian Police, but I regret I am unable to disclose their nature.

**DISBURSEMENT OF SALARIES TO THE EMPLOYEES IN THE RAILWAY OFFICES
IN BURMA.**

552. ***Mr. Gaya Prasad Singh:** (a) Are Government aware that many departments in the railway offices in Burma do not disburse the salaries of their employees till the 10th or 12th of the month following the one

for which the salary is earned, and, if so, do they propose to issue instructions that the salaries be paid on the 2nd or 3rd of every month as is done in other branches of the service?

(b) On what date are the wages due to workmen in railway and public works and other workshops belonging to Government paid?

(c) Are Government prepared to consider the question of paying all workmen's wages weekly, or fortnightly, as recommended by the Royal Commission on Factory Labour?

Mr. P. B. Rau: (a) Government understand that the position in the Burma Railways is at present generally as stated in the Honourable Member's question but the question of earlier payment presents serious difficulties as 25,000 employees scattered over 2,000 miles of line are involved. The Agent reports that it would be impracticable to pay salaries within 2nd or 3rd of the month without very considerable extra expense but he is endeavouring to devise means to pay the staff within a week of the period for which the salary is earned. This is what other Railways are also attempting to do.

(b) The date of payment of wages to workmen employed on railways, Public Works and in other Government workshops is not fixed. The general practice is to make payments as soon as possible after the end of the wage period.

(c) The recommendation of the Royal Commission on Labour is under the consideration of the Government of India, who expect to reach a decision shortly.

DEFECTS IN CERTAIN QUARTERS ON THE FERROZSHAH ROAD, NEW DELHI.

553. *Pandit Satyendra Nath Sen: (a) Are Government aware that the Central Block (No. C) of No. 13, Ferozshah Road, is north-faced and is closed on the east as well as on the west?

(b) Are Government aware that solar rays cannot and do not enter any of the bed-rooms in that quarter and that those rooms are perpetually cold throughout the year?

(c) Have Government ever consulted medical opinion as to whether such a quarter is worthy for human habitation during the winter season?

(d) Are Government aware that the position of Blocks (B) and (D) is also the same as that of (C), except that one of the bed-rooms in each has got a window on one of the sides?

(e) Are Government prepared to consider whether Blocks Nos. (B) and (D) will be greatly improved if Block No. (C) is demolished?

(f) Is it a fact that several new quarters facing north are being constructed? If so, will they contain any Block of the type of 13 (C) Ferozshah Road?

The Honourable Sir Frank Noyce: (a) No. 13C, Ferozshah Road faces north west and is open to the south east, but is closed on the other two sides, being the central quarter of a block of three.

(b) There is only one bedroom in this quarter, and the verandahs on the north west and south east protecting this room open to the sun during the day.

(c) No.

(d) Yes.

(e) No.

(f) Several of the new quarters under construction face in the same direction as No. 13(C), Ferozshah Road. The answer to the second part of the question is in the negative.

Pandit Satyendra Nath Sen: I have been told that the quarter faces north west. If it is not fully north facing, is it not sufficiently north facing to preclude the sun's rays from entering the bed rooms?

The Honourable Sir Frank Noyce: I have no knowledge of the particular quarter, but I understand that my Honourable friend is speaking from personal experience. I only hope that next year he will get a quarter which suits him better than this one.

Pandit Satyendra Nath Sen: Is the Honourable Member aware that north facing houses, especially when they are closed on all other directions, are very much condemned by the Hindu Shastras and customs (Laughter), although they are sanctioned by western engineering based on modern science?

The Honourable Sir Frank Noyce: I am sorry that this quarter was sited in such a way as to be repugnant to Hindu thought. (Laughter.) As I have said, I hope that my Honourable friend will get a better quarter next cold weather.

Mr. D. K. Lahiri Chaudhury: Who was the engineer who designed these quarters?

The Honourable Sir Frank Noyce: I should have to ask for notice of this question.

Mr. Gaya Prasad Singh: Are Government aware that an orthodox Member of this House, Mr. Amar Nath Dutt, was an inmate of this quarter two years ago? (Laughter.)

Mr. Amar Nath Dutt: I am not orthodox. (Laughter.)

ABSENCE OF A SHED ON THE PLATFORM OF THE HARDWAR RAILWAY STATION.

554. ***Pandit Satyendra Nath Sen:** (a) Are Government aware that Hardwar is a famous place of pilgrimage for the Hindus and that it is attended by a very large number of pilgrims generally accompanied by ladies and children, and mostly travelling third class?

(b) Is it a fact that there is no shed on the platform for those passengers?

(c) Is it a fact that the pathway is a sloping one?

(d) Was there any representation made by Sri Ganga Sabha to the railway authorities on behalf of the pilgrims regarding the aforesaid grievances? If so, what was the reply?

(e) What is the annual income (net and gross) from that station?

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

(b) to (e). I am obtaining the information and will lay a reply on the table in due course.

DROP IN THE INCOME-TAX REVENUE OF THE UNITED PROVINCES.

555. *Mr. Muhammad Azhar Ali: (a) Will Government please state whether there was a great drop in the income-tax revenue of the United Provinces during the year ending 31st March, 1933?

(b) What was the amount of tax left uncollected at the close of the year and how does it differ from the arrears of the previous year?

(c) What was the number of cases that could not be disposed of within the year, and what was the amount of tax thus remaining unassessed?

The Honourable Sir George Schuster: I would refer the Honourable Member to the reply which I gave to Mr. M. Maswood Ahmad's question No. 512 on the 19th March, 1934.

REPAYMENT OF CERTAIN GOVERNMENT OF INDIA LOANS.

556. *Mr. Sitakanta Mahapatra: (a) Will Government be pleased to state the month and date of repayment of the following Government of India loans?

(i) 5 per cent. of 1925—29 repayable in 1935,

(ii) 4½ per cent. of 1928 repayable in 1934,

(iii) 6½ per cent. of 1931 repayable in 1935,

(iv) 5½ per cent. of 1932 repayable in 1938—40, and

(v) 5 per cent. of 1932 repayable in 1940—43.

(b) Are Government bound to repay the loans on the dates mentioned, and can the security-holders enforce payment on the date when repayment is due?

The Honourable Sir George Schuster: (a) I would refer the Honourable Member to the "Return of the Rupee Debt of the Government of India" which is published monthly in the Gazette of India by the Controller of the Currency.

(b) The column of that return headed "Conditions of Repayment" sets out the dates on which Government are bound to repay each of these loans, and also the conditions on which in certain cases Government have the option of earlier repayment.

ESTABLISHMENT OF MOTOR BUS SERVICES BY THE RAILWAYS.

557. *Sir Darcy Lindsay: (a) Will Government be pleased to state which railway companies, if any, have taken advantage of the powers granted under the Railways (Amendment) Bill of 1933 and established passenger motor services in connection with their railways?

(b) Have the Railway Board sanctioned any motor bus service to run in connection with any State-managed Railway or have they any such sanction in contemplation?

(c) Has the attention of Government been drawn to recent reports of motor bus accidents, entailing a heavy loss of life which are showing an alarming increase?

(d) Will Government please state whether there is any Act in force which requires passenger carriers on land to meet claims for injury and

loss of life? If not, are Government prepared to recommend to Provincial Governments and Local Boards the importance of making it a condition of licence that by means of third party insurance, or otherwise, payments will be made for injury or loss of life due to accidents?

Mr. P. B. Rau: (a) None.

(b) No.

(c) The control of motor vehicles is a provincial subject. The Government of India do not receive reports of road accidents and have no information regarding the number of such accidents beyond what appears in the daily Press.

(d) There is no specific provision in any Act. Under the provisions of section 11 of the Indian Motor Vehicles Act, 1914, Local Governments have powers to make rules in this behalf.

The Government of India have already drawn the attention of Local Governments to the desirability of such rules. So far, only the Government of Bombay who have recently amended their Public Conveyance (Motor Vehicles) Rules, 1922, in this respect, have acted upon the suggestion.

Mr. M. Maswood Ahmad: Will Government be pleased to say whether any railways are actively considering the question of establishing passenger motor service?

Mr. P. B. Rau: Not as far as I am aware.

Sir Darcy Lindsay: Are Government aware that in Rangoon there is a regulation which requires the insurance of motor buses against third party risks?

Mr. P. B. Rau: No, I am aware only of regulations by the Government of Bombay.

Dr. Ziauddin Ahmad: Are Government aware that the Rohilkund and Kumaon Railway ran motor service between Kathgodam and Naini Tal, but gave it up afterwards on account of competition?

Mr. P. B. Rau: That must be past history. I am not personally aware of it.

Mr. Gaya Prasad Singh: Is it not a fact when the Railways (Amendment) Bill was under discussion, the case of the Government was that certain railways were losing a lot of money on account of motor bus competition, and, therefore, it was necessary to pass that piece of legislation as an urgent measure?

Mr. P. B. Rau: I believe that was one of the reasons adduced for the legislation, but Indian legislation affected only a small number of companies in India.

Mr. Gaya Prasad Singh: How many of those in whose interest this legislation was undertaken have taken to running motor services?

Mr. P. B. Rau: As I have already said, none have yet made any representations to the Government of India on the subject.

Mr. Gaya Prasad Singh: Then where was the urgency of the measure?

Mr. S. C. Mitra: Were there any representations from those Company-managed Railways even before the Government took the initiative in regard to this legislation?

Mr. P. R. Rau: There were certain representations received from certain Companies, but I am not sure whether these Companies were amongst those who made representations.

Mr. S. C. Mitra: May we take it that all those Companies who asked the Government to enact this legislation are not now taking advantage of that Act?

Mr. P. R. Rau: There were certain Companies that asked Government to take up this legislation, but almost all were subject to parliamentary legislation, and the amending Act of 1933 did not give them any special privileges.

SURPLUS OUT OF THE SALT ADDITIONAL IMPORT DUTY.

558. ***Mr. S. C. Mitra:** Will Government be pleased to state:

- (a) the amount that will be available as surplus in the hands of the Central Government out of the salt additional import duty at the end of the current financial year 1933-34;
- (b) the share that has been contributed by Bengal in the above surplus;
- (c) whether Government are prepared to utilise Bengal's share of the above surplus, at least for the development of the salt industry in Bengal immediately;
- (d) whether, in the event of the reply to part (c) being in the affirmative, Government propose to consider the desirability of keeping the surplus fund in their hands instead of allocating it to the Local Government;
- (e) whether any scheme has been suggested by the Local Government since the publication of the last Salt Committee Report, to start the salt development work in Bengal immediately, and, if so, of what nature, and
- (f) whether Government are prepared to give the Salt Industry Committee an opportunity to discuss such a scheme before it is actually launched into operation?

The Honourable Sir George Schuster: (a) As nearly as may be estimated, the amount in hand at the end of the financial year 1933-34, will be Rs. 2,57,950.

(b) Adopting the basis that was followed for the distribution of seven-eighths of the additional import duty to the Provinces, Bengal may be taken to have contributed Rs. 1,03,600 to this total

(c) and (d). The Government propose to consider the question of devoting a portion of the surplus in their hands to measures for the encouragement of the salt industry in Bengal, and the question as to the best method of so utilizing the funds, when they are in possession of the views of the Assembly as reflected in discussions on the motions for the

consideration and passing of the Salt (Additional Import Duty) Bill which is now before the House.

(e) The answer is in the negative.

(f) I should prefer to consider this point when the subjects of parts (c) and (d) of the question come under the consideration of Government.

Mr. S. C. Mitra: Do Government propose, in connection with the Additional Import Duty Act, to bring in the Resolution that was adopted in connection with that Bill for consideration?

The Honourable Sir George Schuster: We have not contemplated that in preparing the business for this Session. We consider that the discussion on the Additional Import Duty Bill will give Honourable Members every opportunity of expressing views on that subject.

Mr. S. C. Mitra: Are not the Government of India aware that the spirit of this Resolution has not been acted up to at least by the Bengal Government—spending the money for the encouragement of the manufacture of salt?

The Honourable Sir George Schuster: I think my Honourable friend, the Government and myself are all quite aware of what has happened since this measure was passed, and it is quite clear that the Bengal Government have not acted in accordance with the views that have been expressed by this House, but my Honourable friend is also aware that we have no means of dictating the use to which this money should be put.

Mr. K. C. Neogy: Is it not a fact that in the Fourth Report of the Salt Committee which has been circulated recently to Members of this House, there are certain suggestions which virtually amount to a variation in the terms of the Resolution that was adopted in 1931?

The Honourable Sir George Schuster: I should be glad if my Honourable friend would make the implications of his question more precise.

Mr. K. C. Neogy: The Honourable Member stated that he has no intention of bringing up the Resolution before the House in connection with the Bill for consideration. I suggest that, according to the present position of the Government, the terms of that Resolution have got to be varied, and is it the intention of Government to vary the terms of that Resolution without giving this House an opportunity of reconsidering those terms?

The Honourable Sir George Schuster: Again I would ask my Honourable friend to explain to me precisely in what way he arrives at his conclusion?

Mr. K. C. Neogy: I do not know whether any long statement would be justified now. I might reserve the question for tomorrow when I have an amendment on this question; but with reference to the answer given by the Honourable Member to part (a) of the question, may I know how much of this amount has been spent in the development of Northern India salt resources, particularly Khewra, and with what result.

The Honourable Sir George Schuster: I am afraid I must ask for notice of that question. I cannot tell my Honourable friend off hand exactly how much of that one-eighth reserve has been spent at Khewra.

Mr. K. C. Neogy: Is the Honourable Member in a position to state as to whether the expectations, that were held out in respect of the development of these Northern India salt resources, particularly for the benefit of the markets of Bihar and Orissa and Bengal and Assam, have been realised to any appreciable extent?

The Honourable Sir George Schuster: We are not yet in a position to say. We have not yet put to the test in the market the fine white crushed salt produced at Khewra, because the machinery for producing that is not yet properly in operation. We have not tested out that particular quality of salt in the Bengal market, but in the meanwhile the price of salt, owing to the modification of our policy and competition, has fallen considerably from the Rs. 66 100 maunds on which the original plans were based. It is, therefore, clear that Khewra cannot sell at the present competitive prices and the urgency for proceeding with the development of Khewra has, therefore, become less.

Mr. K. C. Neogy: May I know whether the Government of Bengal have been addressed by the Government of India in regard to the question as to whether they have carried out what was understood to be the implications of the Resolution that was adopted in this House?

The Honourable Sir George Schuster: Yes, Sir. We have had frequent communications with the Government of Bengal on the subject.

Mr. K. C. Neogy: May we expect the Honourable Member to lay the correspondence either on the table of this House or in the Library?

The Honourable Sir George Schuster: I think that would not be in accordance with the practice that has generally been followed.

Mr. S. C. Mitra: In view of the fact that the Local Governments were not acting up to the spirit of that Resolution, do Government propose now to keep the entire amount to itself and spend it for the very purpose in the local areas?

The Honourable Sir George Schuster: My Honourable friend can gather from the answer I have given to his question that we contemplate now giving to the Government of Bengal a portion of the surplus which is in our hands for the specific purpose of developing certain schemes with regard to salt in Bengal.

Mr. K. C. Neogy: Having regard to the interest so far displayed by the Government of Bengal in this matter, do the Government of India think that the Government of Bengal will act according to the instructions of the Government of India in this matter simply because they would get some additional funds?

The Honourable Sir George Schuster: Our view of the matter is that they will not get the additional funds unless they are used for certain purposes.

Mr. K. O. Neogy: Having regard to the apathy displayed by the Government of Bengal, do not the Government of India think it more proper to take the matter in hand themselves under the direct control of the Central Board of Revenue, and, if necessary, to appoint an officer with local experience in Bengal for the purpose of carrying out the necessary investigations?

The Honourable Sir George Schuster: I should be very pleased to take into account my Honourable friend's suggestion.

Mr. Gaya Prasad Singh: Will the Honourable Member tell us how the Government of Bihar and Orissa have utilised this surplus of the additional duty in the development of salt industry in that Province?

The Honourable Sir George Schuster: I must ask for notice of that question.

Mr. M. Maswood Ahmad: What exactly is meant by the surplus amount? Is it the surplus after deducting the expense in collecting it or surplus after distribution of the amount to the different Provinces?

The Honourable Sir George Schuster: The amount refers to the 1/8th share of the total proceeds of this additional import duty which has been retained by Government in their own hands and not distributed among the Provinces.

Mr. D. K. Lahiri Chaudhury: What is the reason for the keeping of that amount in the Government of India? Have they got any schemes?

The Honourable Sir George Schuster: The Central Government have got plenty of schemes. We have spent a substantial amount of the surplus on schemes of our own.

PENSION RULES OF THE GOVERNMENT OF INDIA PEONS EMPLOYED IN BOMBAY.

559. ***Mr. Lalchand Navalrai:** (a) With reference to starred question No. 623, asked by Mr. B. V. Jadhav on the 3rd March, 1933, will Government be pleased to state if they have since then proposed to revise the pension rules of the peons in the Departments controlled by the Imperial Services?

(b) Is it a fact that they are, now entitled to only Rs. 4 as pension, irrespective of their pay?

(c) Will Government be pleased to state how much extra charge there will be on Imperial revenues if the pension of these peons is raised to half of their pay as is the case in the Provinces?

(d) Will Government be pleased to state their reasons for not fixing the amount of pension of these peons at the same scales as those of the peons under the Bombay Government?

The Honourable Sir George Schuster: (a) and (d). No; the question of the revision of pensions of inferior servants (including peons) under the Central Government has been postponed until the financial position improves.

(b) Yes.

(c) To obtain the present cost of the pensions of peons under the Central Government would necessitate much labour in accounts offices, and even then the estimate of the extra cost that would be incurred by raising the pension to half average pay would only be approximate, as it is impossible to forecast accurately the future of each peon now in service. Any such enquiry would also involve a vast amount of labour and result in no accurate answer. The Government of India estimate, however, that roughly speaking the present pensions bill of peons, including the temporary increase in pensions they now receive, would be about doubled were pensions raised to half average pay. I trust this estimate will be accepted as sufficient answer to the question and thus obviate a lengthy and laborious enquiry. It is important to note in this connection that pensions on the half average pay basis are not granted to peons employed under any Local Government except Bombay.

STOPPAGE OF TRAFFIC AT CERTAIN BRIDGES IN DELHI.

560. ***Mr. S. G. Jog:** (a) Are Government aware that on the 12th March, 1934, between about 9 A.M. and 10 A.M., all traffic, vehicular and otherwise, was stopped by police from crossing the Pul Bangash, the Pul Mithai and the Dufferin Bridge at Delhi from one side to the other? If so, why?

(b) For what duration was the crossing of these bridges stopped?

(c) Are Government aware that these bridges connect the city proper with two of the most important localities and business centres of Delhi, *viz.*, Mori Gate and Subzi Mandi, and that there is no other way to cross from one side to the other except a very long route, *viz.*, Kashmere Gate and Lothian Bridge?

(d) Are Government aware that the blocking of traffic at these bridges in the morning resulted in great inconvenience to the general public and serious loss of business to a large number of men, especially the fruit and vegetable sellers? If so, what action do Government propose to take to avoid in future such inconvenience and hardship to the public?

(e) Are the public notified beforehand of the stopping of traffic on such occasions? If not, why not?

The Honourable Sir Harry Haig: (a) to (e). Directions were issued that all traffic over the three bridges mentioned should be stopped for 5 minutes on the 12th March, 1934, before the passage of the special train conveying His Excellency the Viceroy. In applying these orders traffic may have been held up for a slightly longer period than was intended. In future it will be arranged as far as possible that traffic is not stopped for longer than 5 minutes.

PROMOTIONS IN THE GOVERNMENT OF INDIA OFFICES.

561. ***Rao Bahadur M. C. Rajah:** (a) Is it a fact that the Public Service Commission and its predecessor held qualifying examinations for the promotion of the ministerial establishments employed in the Government of India offices from the Third to the Second and from the Second to the First Divisions?

(b) Will Government please state whether the men, who have been declared qualified as a result of those examinations, have to pass any

further tests before they are promoted and confirmed in the Government of India offices?

(c) Is it a fact that the Home Department issued orders under their No. F.-452/27-Ests., dated the 8th December, 1928, for the recruitment of men for the ministerial establishments of the Government of India offices under which departmental promotions from the Third to the Second and from the Second to the First Divisions were restricted to 20 and 50 per cent., respectively?

(d) Is it a fact that in order to accelerate absorption of these passed clerks in the Divisions for which they had qualified themselves, the Home Department issued special orders on the 18th February, 1931, raising these percentages to 50 and 66 $\frac{2}{3}$ per cent. in the case of Third and Second Divisions, respectively?

(e) Is it a fact that owing to heavy retrenchments, a large number of the passed clerks still remained to be provided for in the various Divisions?

(f) Is it a fact that the orders of February, 1931, have now been extended for a further period of three years with effect from April, 1933, under Home Department Memo. No. F.-537/31-Ests., dated the 27th February, 1934?

(g) Is it a fact that in the orders of February, 1934, Government have imposed the condition of "exceptional merits" even in the case of qualified departmental men, for purposes of promotions, and that no such condition was imposed in February, 1931, orders? If so, will Government kindly state the reasons for placing men who have not yet been confirmed owing to the paucity of vacancies in a worse position than that of their colleagues who got promotions under the previous orders between the period 1st April, 1930, and 31st March, 1933?

(h) If the reply to the first portion of part (g) above be in the negative, do Government propose to issue clear instructions to various offices of the Government of India with a view to ensuring uniformity in the matter of interpretation of the orders in question?

The Honourable Sir Harry Haig: (a) Qualifying Examinations were held by the Public Service Commission and the Staff Selection Board to enable departmental candidates to qualify for higher divisions and thus render themselves eligible for promotion.

(b) Candidates who have qualified are not required to pass any further written or formal tests but they must satisfy the head of their Department that they are fit for promotion.

(c) to (f). Yes.

(g) The answer to the first part is in the negative. The orders contained in the Home Department Office Memorandum of the 27th February, 1934, require that the test of fitness for promotion laid down in the Office Memorandum of the 8th December, 1928, should be strictly applied before a qualified candidate is promoted. I should add that the orders of the 18th February, 1931, do not affect the orders of 1928, so far as the test of fitness for promotion is concerned. The second part of the question does not arise.

(h) Government do not consider any further instructions are necessary.

SHIFTING OF THE KALPATHY POST OFFICE IN MADRAS.

562. ***Mr. K. P. Thampan:** With reference to my question No. 641, dated the 22nd September, 1932, regarding the shifting of the Kalpathy post office in Malabar, will Government be pleased to state:

- (a) whether the idea of reverting to the old place has been given up definitely;
- (b) whether the Department is satisfied that the new place is more favourably located to the business and professional men who are the chief clientele of the post office;
- (c) whether the new office is a better type of building and suited to the purpose;
- (d) whether they have opened an extra departmental post office at the old place, as was promised to the deputation of the leading men of the locality by the Postmaster General, Madras; if not, why not; and
- (e) whether they are prepared to find out what the opinions of the various superior officers, who visited the place, about the relative merits of the two places, were?

The Honourable Sir Frank Noyce: (a) As the lease of the building in which the post office is now located is not due to expire until 1935, the question of its removal to any other building cannot be taken up at present.

(b) In the opinion of officers who have visited the place the existing locality is as favourable as the old one.

(c) Yes.

(d) Government have no information as to the promise referred to by the Honourable Member but the question was examined and in view of the proximity of the two localities the Postmaster-General decided that no extra-departmental post office at the old place was required. The Postmaster-General is again reviewing the question.

(e) The Honourable Member is referred to my reply to part (b) above.

DISCHARGE AND RE-INSTATEMENT OF EMPLOYEES ON THE EAST INDIAN RAILWAY.

563. * { **Pandit Satyendra Nath Sen:** } (a) Is it a fact that quite a large
 { **Mr. S. G. Jog:** } number of non-gazetted employees have been discharged and dismissed by the Divisional Superintendent, East Indian Railway, Dinapur, in 1932 and 1933? If so, will Government please furnish this House with a list of the names of such employees (Indians and Anglo-Indians) along with the charges against each?

(b) How many cases of discharge and dismissal have taken place in Allahabad, Lucknow and Asansol Divisions on the East Indian Railway during the same period?

(c) How many discharged employees have been re-instated and re-appointed in the Divisions mentioned above?

Mr. P. R. Rau: I have called for certain information regarding the total number of discharges and dismissals in the various divisions and shall lay a reply on the table of the House, in due course.

UNSTARRED QUESTIONS AND ANSWERS.

PUNISHMENTS INFLICTED ON THE STAFF OF THE RAILWAY CLEARING ACCOUNTS OFFICE.

225. Pandit Satyendra Nath Sen: Will Government please lay on the table of this House a statement showing the punishments inflicted on the staff of the Railway Clearing Accounts Office from the 1st January, 1932, to the 31st December, 1933, with the names of the men, the Province they belong to, and the punishment accorded, together with the reasons for the same?

Mr. P. R. Rau: Government do not consider that it will be in the public interest to collect and publish the information required.

PROMOTION OF CERTAIN CLERKS IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

226. Pandit Satyendra Nath Sen: Will Government please state if certain Appendix D or E clerks in the Railway Clearing Accounts Office, confirmed in Class I, were confirmed strictly in accordance with the rules for promotion and whether the names of all the men eligible for confirmation were considered and reasons recorded for selecting such men for out of turn confirmation in Class I? If so, will Government please lay a copy of those reasons on the table of this House?

Mr. P. R. Rau: The confirmations in question were made in accordance with rules under which promotions are made by selection based on merit. I am informed the claims of all the men eligible for confirmation were considered before such confirmations were made but the reasons were not specifically recorded.

STAFF IN THE CENTRAL PUBLICATION BRANCH.

227. Mr. M. Maswood Ahmad: Will Government please state the total number of the staff, permanent and temporary, in the Central Publication Branch?

The Honourable Sir Frank Noyce: I propose to answer questions Nos. 227 and 228, together. A statement furnishing the information in respect of the superior establishment is laid on the table.

STAFF IN THE CENTRAL PUBLICATION BRANCH.

†228. Mr. M. Maswood Ahmad: Will Government please state:

- (a) the total strength of the Central Publication Branch, both permanent and temporary;
- (b) the number of men borne on each existing scale of pay; and
- (c) the number of Muslims holding permanent posts in each scale of pay, and the number of Muslims holding temporary posts on those scales or on fixed pay?

†For answer to this question, see answer to question No. 227.

Statement referred to in the reply given to parts (a), (b) and (c) of unstarred question No. 225.

Appointments.	No. of appointments.		Old scales.	New scales.	No. of persons appointed.		No. of Muslims.	
	Perma- nent.	Tempo- rary.			Old scale.	New scale.	Perma- nent.	Tempo- rary.
Assistant Manager .	1	..	300—20—400	300—15—375	1	..		
Head Assistant .	1		200—10—250	175—10—225	1	..		
Accountant .	1	..	250—10—350	225—15/2—300	1	..		
Assistants .	7	1	80—80—100—5— 150—10—200	80—5—160	6	1	1 (old scale.)	1 post vacant.
Clerks .	53	4	45—45—50—3— 65—4—85—4— 105—5—140.	40/40—5/2—80— 3—95	50	7	11*	*9 on old scale, 1 on special personal scale of Rs. 50—160, and 1 on new scale.
Clerks .	..	7	40	..	7	2
Typists .	3		45—45—5/2—100	40/40—5/2—80	2	1		..
Sircar and junior Addresso- grapher.	2		25—1—35	25—1—35	2	..		
Total .	68	12			70	9	12	2
	80				79		14	

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

229. Mr. S. G. Jog: (a) Will Government be pleased to refer to their answer to parts (a) and (b) of unstarred question No. 141, dated the 9th March, 1932, and to part (d) of starred question No. 1543 of the 5th December, 1932, stating 'because there is no evidence to show that the disability was contracted on field service'?

(b) Will Government be pleased to refer to Recommendation No. XIII of the War Pensions Committee given in brackets (No adverse presumption should be raised against an applicant owing to the loss or failure to produce record, which, according to rule, should be permanently retained) and state if medical history sheets and hospital cards, and casualty forms, are not the records falling under the last portion of the aforesaid recommendation?

(c) Will Government be pleased to state the probable time which the adjudication of the point referred to in part (e) of my unstarred question No. 325 of the 14th December 1933 will take?

(d) Is it not a fact that all the information necessary for the adjudication of the point referred to in part (c) above was collected on the 9th March, 1932, when the point was first brought to Government's notice, vide part (b)(i) of the unstarred question No. 141 of the 9th March, 1932?

Mr. G. B. F. Tottenham: (a) Does not call for an answer.

(b) A reply will be laid on the table in due course.

(c) and (d). A final reply to the question was laid on the table on the 14th March, 1934.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

230. Mr. S. G. Jog: (a) Will Government be pleased to refer to their statement laid on the table on the 15th September, 1932, in reply to unstarred question No. 288, parts (a), (b) and (c) of the 29th March, 1932, admitting that there was no documentary evidence to show that the re-employed service was of a satisfactory nature?

(b) Will they please state the reasons for stating recently through the Officer In-charge, Indian Army Service Corps Records that there was evidence to show that the re-employed service was not satisfactory?

(c) Will they please reconcile the two statements referred to in parts (a) and (b) above?

(d) Will they please refer to Recommendation No. XVII of the War Pensions Committee, given in brackets (It should be presumed in favour of an applicant claiming under A.I.I. 171 of 1921 the revised rates of pension published in A.I.I. 805 of 1920 that his re-employed service was satisfactory) and state if they intend to go back on the phraseology of the Recommendation?

(e) Have not their audit offices decided that the revision of pension under A.I.I. 171 of 1921 is admissible even if one was re-employed, during the War for a single day?

(f) Do Government intend to base the nature of satisfactory service on the duration of re-employed service?

Mr. G. B. F. Tottenham: (a), (b) and (c). During the Great War, to conserve man-power, no man was prematurely discharged if he was capable and efficient. Subedar Mam Raj, whose case was referred to in the statement to which the Honourable Member refers, was discharged within about seven weeks of his re-employment. In the opinion of Government this fact does constitute evidence, though admittedly not documentary evidence, that his re-employed services were not satisfactory. If they had been so, he would certainly have been retained until hostilities terminated. Further if the Subedar himself had felt that he had a genuine case for the re-assessment of his pension, he would not have waited twelve years before he submitted his application. This constitutes further evidence, in the opinion of the Government of India, in favour of their decision to reject his claim.

(d) Certainly not; but no presumption can prevail in the face of reasonable evidence of any kind to rebut it.

(e) Government know of no such general decision.

(f) No, but in the absence of any other evidence the duration must naturally be taken into account.

LINO OPERATORS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI

231. Mr. S. C. Mitra: (a) Will Government be pleased to state (i) whether at the introduction of the Lino Machines in the Government of India Press, New Delhi, in 1921, a graded pay of Rs. 100—5—125 was sanctioned for Lino Operators, and (ii) whether on that graded pay six Lino Operators were recruited from Calcutta? If so, how many have reached their maximum?

(b) How many Lino Operators are there from among the first batch which came from Calcutta?

(c) Is it not a fact that some Lino Operators from among the first batch were unable to give the stipulated outturn (4,000 ens) on account of the nature of work and resigned within a short time?

(d) Is it also a fact that at present out of 18 Lino Operators only four exceed the speed?

(e) Is it also a fact that Government have abolished the sanctioned grade of Lino Operators? If so, what has induced Government to abolish it before the lapse of a decade?

The Honourable Sir Frank Noyce: (a) (i) and (ii). The reply is in the affirmative. As regards the last part none of the operators reached the maximum.

(b) None.

(c) Only one operator resigned shortly after coming to Delhi, but there is nothing to show that his resignation was due to his inability to produce the required outturn.

(d) On the assumption that an outturn of 4,000 ens per hour is meant, I would inform the Honourable Member that even learners on the Linotype machines are giving this outturn and that the average outturn on the 18 machines in the Press was nearly 5,000 ens per hour in the month of February, 1934.

(e) No. Government have sanctioned revised rate of pay for new entrants. The second part does not arise.

LINO OPERATORS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

232. Mr. S. C. Mitra: (a) Will Government be pleased to state how many Lino Operators in the Government of India Press, New Delhi, have, since the last 14 years, been promoted either in their own branch or in any other branch of service? If not, why not?

(b) Will Government also please state how many employees in other branches are on the same stationary pay since the last fourteen years?

The Honourable Sir Frank Noyce: (a) There has been no occasion to promote linotype operators to higher posts outside their Branch. As regards their promotion in their own Branch the attention of the Honourable Member is invited to the reply given by me on the 6th March, 1934, to part (a) of Kunwar Haji Ismail Ali Khan's question No. 159.

(b) I regret that I cannot furnish the information required by the Honourable Member as its collection would entail an amount of time and trouble disproportionate to the result.

LINO OPERATORS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

233. Mr. S. C. Mitra: (a) Is it a fact that the Lino Operators in the Government of India Press, New Delhi, receive a pay of Rs. 85 only, pay on which they were confirmed in 1928 or so? If so, what future prospects have they?

(b) Is it a fact that if their out-turn exceeds five thousand ens per hour, they receive Rs. 100 as pay and some bonus for extra ens?

(c) Is it also a fact that the Lino Operators are held responsible for their out-turn?

(d) Do Government propose to make a Mechanic show an out-turn of his work by adopting a suitable system of computation?

The Honourable Sir Frank Noyce: (a) The attention of the Honourable Member is invited to the reply given by me on the 6th March, 1934, to parts (a) and (b) of unstarred question No. 159 by Kunwar Hajee Ismail Ali Khan.

(b) and (c) Yes.

(d) No.

DISCREPANCIES IN THE LEDGER BOOKS OF THE CENTRAL PUBLICATION BRANCH.

234. Mr. S. C. Mitra: (a) Is it a fact that the Central Publication Branch has had to start new ledgers in Delhi?

(b) Is it a fact that boxes containing publications of various descriptions are still lying unpacked in the same condition as they were while in transit from Calcutta to Delhi?

(c) Is it a fact that the publications contained in the boxes have remained uncounted?

(d) Is it a fact that in the course of scrutiny discrepancies in respect of 7,000 and odd items out of 12,000 items of civil publications have been disclosed in the ledger books of the Central Publication Branch?

The Honourable Sir Frank Noyce: (a), (b) and (c). There are a number of boxes which have been left unopened since they reached Delhi, but the contents of each box were counted and verified before despatch from Calcutta to Delhi and these quantities have been included in opening the ledgers.

(d) I understand that discrepancies have been noticed but I have no information as to their nature and extent.

MAINTENANCE OF LEDGER BOOKS IN THE CENTRAL PUBLICATION BRANCH.

235. Mr. S. C. Mitra: Is it a fact that only two clerks of the Central Publication Branch are to do the work of maintaining ledger books in respect of 12,800 kinds of civil publications while in the Calcutta Forms Store there are 13 clerks who are entrusted with the task of maintaining 5,000 kinds of Forms issued from that office?

The Honourable Sir Frank Noyce: The staff employed is as stated by the Honourable Member, but the numbers of publications and forms quoted by him are not correct. I should add that the allotment of clerks for maintaining ledgers depends not on the total number of items in the ledgers but on the actual work involved in their maintenance.

OVERHAULING OF THE CENTRAL PUBLICATION BRANCH.

236. Mr. S. C. Mitra: (a) Is it a fact that the system of working the Central Publication Branch has undergone fundamental changes off and on and the process of experimenting with one system in preference to another has gone on for some time past?

(b) Are Government prepared to depute a special officer to bring about a thorough overhauling of the Central Publication Branch?

The Honourable Sir Frank Noyce: (a) The Branch was treated as a commercial department from 1927 to 1931, when it was again made a non-commercial department, and its location was changed in 1933. But none of these changes was made for purposes of experiment.

(b) Government have no such proposal under consideration.

APPOINTMENT OF CONTROLLER OF PRINTING AND STATIONERY.

237. Mr. S. C. Mitra: Are Government prepared to appoint a member of the Indian Civil Service, or at least an officer outside the Printing and Stationery Department, to the post of the Controller?

The Honourable Sir Frank Noyce: The post is not vacant and the question of the selection of a new officer has not arisen.

PURCHASE OF ADDRESSOGRAPH MACHINE BY THE CENTRAL PUBLICATION BRANCH.

238. Mr. S. C. Mitra: (a) Will Government please state whether it is a fact that an enormous amount of expenditure has been incurred by the Central Publication Branch on the purchase of a new Addressograph machine? If so, will Government please state the amount spent on this account?

(b) Is it a fact that the new machine was purchased in spite of the fact that there was already a machine?

(c) Will Government please state why the purchase was sanctioned?

The Honourable Sir Frank Noyce: (a) The machine was purchased during the current financial year at a cost of Rs. 1,500.

(b) and (c). As the old machine had rendered over 11 years' service and was continually breaking down the purchase of a new machine was necessary.

PURCHASE OF "KARDEX" CABINET BY THE CENTRAL PUBLICATION BRANCH.

239. **Mr. S. C. Mitra:** Will Government please state the expenditure incurred in purchasing the "Kardex" cabinet by the Central Publication Branch?

The Honourable Sir Frank Noyce: Rs. 2,013-5-0.

PURCHASE OF FURNITURE, ETC., BY THE CENTRAL PUBLICATION BRANCH.

240. **Mr. S. C. Mitra:** (a) Will Government please state the amount spent by the Central Publication Branch at Delhi on the purchase of furniture and other sundry articles during the current financial year?

(b) Is it a fact that chairs and tables, the total value of which works out to some hundreds of rupees have been purchased by the present Officiating Manager at prices much higher than the market rates?

(c) Will Government please state whether tenders were invited for the purchase of chairs, tables, etc.?

(d) How many tenders were received?

(e) Who is the contractor who supplied these chairs and tables, etc.?

The Honourable Sir Frank Noyce: (a) Rs. 3,611-9-0 (including Rs. 2,013-5-0 spent on the "Kardex" cabinets referred to in question No. 239).

(b) and (c). No.

(d) Does not arise.

(e) Purchases were made from various suppliers.

PROMOTIONS IN THE CENTRAL PUBLICATION BRANCH.

241. **Mr. S. C. Mitra:** (a) Is it a fact that the Officiating Manager of the Central Publication Branch has of late sent up to the Controller his recommendations for promotions from clerical to Assistants' grades?

(b) Will Government please state whether the recommendations have duly been based on seniority and efficiency?

(c) Will Government please state whether any consideration other than merit and seniority has weighed with the Officiating Manager in the matter of proposed promotions? If so, what?

(d) What are the respective academical qualifications of the persons recommended for promotion to the Controller?

(e) What are their respective lengths of service?

(f) What are their respective positions in the gradation list?

The Honourable Sir Frank Noyce: (a) to (f). Government are not prepared to disclose departmental recommendations on subjects of this character, as these are confidential.

APPOINTMENT OF MUSLIMS AS COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

242. Kunwar Hajee Ismail Ali Khan: (a) Will Government be pleased to state the number of vacancies of copyholders which fell vacant and which were created in the Government of India Press, New Delhi, since 1928, and the number filled by Muslims?

(b) Is it a fact that only one Muhammadan copyholder has been appointed in the Government of India Press, New Delhi, since 1928, against a number of members of other communities? If so, why, and what action do Government propose to take for the appointment of Muslims on the posts of copyholders which are recently created?

The Honourable Sir Frank Noyce: I propose with your permission, Sir, to answer questions Nos. 242 and 243, together. Government have no record of the particulars of these vacancies to which appointments are made by the Manager of the Press. The methods followed in making the appointments was explained by the Honourable Sir Joseph Bhore in answer to the Honourable Member's unstarred questions Nos. 252 to 258, on the 23rd March, 1932.

PROMOTION OF MUSLIM COPYHOLDERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

†243. **Kunwar Hajee Ismail Ali Khan:** (a) Will Government be pleased to state the number of posts of readers and revisers in the grades 60—4—100 and 45—3—75, respectively, which have fallen vacant and which were created in the Government Press, New Delhi, since 1931, and filled by each community?

(b) Is it a fact that no senior Muslim copyholders have been given any promotion to the grades mentioned in part (a) since 1931 and all the promotions have been given to non-Muslims?

CORRESPONDENCE IN CONNECTION WITH THE PROSECUTION OF MR. RABINDRA NATH DHAR.

244. Pandit Satyendra Nath Sen: Will Government be pleased to lay on the table copies of the correspondence that has passed between Mr. Lansbury and other Members of Parliament and the Right Honourable Sir Samuel Hoare in connection with the prosecution of Mr. Rabindra Nath Dhar some time in the beginning of 1933?

The Honourable Sir Harry Haig: The Government of India are not aware of the existence of any such correspondence.

†For answer to this question, see answer to question No. 242.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir George Schuster (Finance Member): Sir, I lay on the table the information promised in reply to unstarred questions Nos. 173 and 174 asked by Mr. Jagan Nath Aggarwal on the 10th March, 1934.

EXAMINATION FOR RECRUITMENT TO THE UPPER DIVISION HELD BY THE
DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, DELHI.

173. (a) Yes.

(b) No. The candidates who passed the examination and continued in service have all been provided for substantively in the lower division and as a concession have also been treated as direct recruits for the purpose of appointment to the upper division.

(c) Yes.

(d) Under the rules, vacancies in the upper division are filled *alternately* by lower division men who have passed the departmental examination and by 'direct recruits' who have passed the recruitment examination. The two sources of recruitment and the two examinations are quite different, and there is no question of comparing the men who pass one examination with those who pass the other. Men who passed the recruitment examination, but for whom there were no upper division vacancies were as a concession given lower division posts but must await their turn for promotion to the upper division as direct recruits.

UPPER DIVISION SENIORITY IN THE OFFICE OF THE ACCOUNTANT GENERAL,
POSTS AND TELEGRAPHS.

174. (a) Yes.

(b) The decision of Mr. Jagat Prasad has not been changed.

The Honourable Sir Harry Haig (Home Member): Sir, I lay on the table the information promised in reply to unstarred question No. 177 asked by Bhagat Chandi Mal Gola on the 10th March, 1934.

TRAFFIC CONTROL IN KHARI BAOLI AND NAI SARAK IN DELHI.

177. (a) to (e). One-way traffic was introduced in Khari Baoli and Nai Sarak at the request of the Municipal Committee because of the congestion of traffic in those thoroughfares. The Government are not aware that there has been an unusually large number of accidents in this area, but congestion of traffic naturally tends to lead to accidents and one-way traffic minimises this risk. They are also not aware that the arrangement has caused undue inconvenience to the public; on the contrary measures to prevent traffic congestion are in the general interests of the public and the arrangement in question is reported to be working satisfactorily.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

- (i) the information promised in reply to part (a) of starred question No. 225 asked by Bhai Parma Nand on the 24th February, 1934;
- (ii) the information promised in reply to starred questions Nos. 396 and 397 asked by Mr. S. C. Mitra on the 6th March, 1934; and
- (iii) the information promised in reply to starred question No. 440 asked by Bhai Parma Nand on the 13th March, 1934.

ALLEGED EXISTENCE OF COMMUNAL TENSION IN THE POSTAL DEPARTMENT AT CAWNPORE.

*225. (a) Government have ascertained that certain articles of a communal character appeared in two Muslim newspapers in Cawnpore in July last and that representations in connection with them addressed by the Hindu clerks of the Cawnpore, Post Office to the Director-General were withheld by the Postmaster-General. They have no reason to believe that any strong communal tension exists in the Postal Department at Cawnpore.

TENDERS FOR CONVEYANCE OF MAILS BY KONKAN FERRY STEAMERS.

*396. (a) No; the present contract which was entered into in October, 1933, is not due to expire until the 31st May, 1936.

(b) Does not arise, but I may add for the information of the Honourable Member that the steamers of the Bombay Steam Navigation Company touch Jaygad harbour in both journeys, namely Bombay to Ratnagiri and Ratnagiri to Bombay.

(c) Government have no information.

(d) No. Arrangements exist for the conveyance of mails to and from Dabhol and Jaygad without suffering heavy detention.

(e) A copy of the Question and Answer will be sent to the Postmaster-General, Bombay, who will be asked to take such action as may be practicable to secure further acceleration of mails to the two places mentioned.

TENDERS FOR THE TREASURY WORK OF THE POST OFFICES IN BOMBAY, POONA AND AHMEDABAD.

*397. (a) Yes.

(b) The work of escorting cash between different post offices in Bombay City had not been included in the tenders, which were called for in the year 1924, because at that time it was not considered desirable to give out this work on contract. A separate contract was, however, entered into for this purpose later on. When a fresh contract was given in 1930, this work of escorting cash was included in the main contract for the performance of treasury work in Bombay and the separate contract was cancelled. This work is now included in the fresh contract for which tenders have been invited.

(c) and (d). No such instructions were issued in this particular case. The general principle, however, is that the amount of subsidy payable for a contract system should be less than the expenditure incurred departmentally.

(e) According to the agreement in the prescribed form executed by the Contractor, a fixed amount as subsidy is paid to him monthly by Government. The remuneration of the persons engaged by him is fixed as he considers proper, and Government have no concern with it.

(f) Yes, before May, 1928, when the revision of pay was effected.

(g) No. In 1930, when the contract was given, the pay of the departmental stamp vendors in Bombay was Rs. 60—4—100 and by giving the contract the Department was able to secure a substantial saving.

(h) Contracts are given only when the Department is satisfied that the business entrusted to the Contractors is performed with efficiency combined with economy.

MEMBERS OF THE BOARD FOR RECRUITMENT OF POSTAL CLERKS IN PESHAWAR.

*440. (a) As regards the first part, the members of the board are the Superintendent of Post Offices, Peshawar Division, and the Postmaster, Peshawar, Head Office.

Both of these are at present Muslims. As regards the last part, it may be mentioned for the information of the Honourable Member that such posts are not filled on communal considerations.

(b) Yes, except that there is no post designated as "appointment clerk".

(c) Yea. The attention of the Honourable Member is invited in this connection to the reply given to Seth Liladhar Chaudhury's unstarred question No. 322, in this House on the 14th December, 1933.

(d) No percentage of Hindus in the services in the Peshawar Division or elsewhere has been prescribed. The last part of the question does not arise.

(e) Government are not prepared to go further than to ensure that their orders regarding communal recruitment, as in force from time to time, are carefully observed.

(f) The fact is not as stated by the Honourable Member. Ten such posts are also held by non-Muslims, viz., 8 Hindus and 2 Sikhs.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I lay on the table the information promised in reply to starred question No. 378, asked by Mr. M. Maswood Ahmad on the 6th March, 1934.

ALLOTMENT OF PLOTS IN NEW DELHI TO THE MINISTERIAL STAFF OF THE IMPERIAL SECRETARIAT AND ITS ATTACHED OFFICES.

*378. (a) No.

(b), (c), (d), (e) and (f). Do not arise.

(g) Government already house a large proportion of its staff on favourable terms and do not consider that any further concessions are necessary.

Mr. G. R. F. Tottenham (Army Secretary): Sir, I lay on the table the information promised in reply to unstarred question No. 117, asked by Khan Bahadur Haji Wajihuddin on the 3rd March, 1934.

CONSOLIDATION AND TARRING OF THE BANK ROAD IN AMBALA.

117. (a) The answer is in the negative. The Executive Officer, Ambala, did not re-consolidate Bank Road, but repaired it under the orders of the President as the latter had received complaints that the Road was in a dangerous condition and required immediate attention. It is understood that the Road is a through main road and is much used by the civil population. The Executive Officer only purchased the stone metal under section 25 of the Cantonments Act, 1924. The action was also agreed to by the vice-president (who signed the estimate for the stone metal), and was subsequently confirmed by the Board.

(b) The answer to the first part is in the affirmative. As regards the second part, a reference is invited to the answer to part (a) above.

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

- (i) the information promised in reply to starred question No. 698, asked by Khan Bahadur Haji Wajihuddin on the 6th September, 1933;

- (ii) the information promised in reply to starred questions Nos. 1346, 1347 and 1350, asked by Mr. S. G. Jog. on the 11th December, 1933; and
- (iii) the information promised in reply to starred question No. 326, asked by Sir Muhammad Yakub on the 2nd March, 1934.

**CONSOLIDATED ALLOWANCE OF THE TRAVELLING TICKET INSPECTORS AND
THEIR DIVISIONAL INSPECTORS ON THE EAST INDIAN RAILWAY.**

*693. The Agent, East Indian Railway, reports that the question of the admissibility of the consolidated travelling allowance to travelling ticket examiners employed on stationary duty was re-examined, and it was decided to grant them the allowance referred to.

**DENIAL OF HILL ALLOWANCE TO THE RAILWAY STAFF STATIONED AT DEHRA
DUN.**

*1346. A list showing the classes of staff employed at Dehra Dun with their scales of pay is attached herewith. The same classes of staff on the same scales of pay are employed at several other stations on the East Indian Railway. The following allowances are paid in addition to the scales of pay shown in the attached list :

Hardwar Dehra Railway Allowance.

1. Indian Assistant Station Masters and Station Masters drawing below Rs. 200 Signallers, Train Clerks, Booking Clerks, Ticket Collectors and Relieving Clerks Rs. 5 per mensem.

Transportation Re. 1 per mensem Menial Staff.

2. Loco., Carriage and Wagon staff . Pay up to Rs. 25 Rs. 3 p. m.
Pay above Rs. 25 Rs. 5 p. m.

Hardwar Dehra Railway Allowance is not given to inferior staff who have elected the Revised Scale of pay.

Hill Allowance.

Hill allowance is paid to staff at Mussoorie and Rajpur as follows :

	Gr.	Rs.
Supervisor, Mussoorie	78—3—90	30 p. m.
Goods Clerk „	55—3—70	20 p. m.
Parcel Clerk „	55—3—70	20 p. m.
General Clerk „	28—2—50	15 p. m.
Goods Clerk, Rajpur	30—4—66 (revised).	15 p. m.

Local and bad climate allowance.

Local and bad climate allowance at Rs. 2 per mensem is paid to all lower paid employees at stations Lhaksar exclusive to Dehra Dun inclusive who are governed by the revised scales of pay.

Malaria Allowance.

An allowance at 1/3rd of the pay is paid to staff at Lhaksar during the months of August, September and October for the days they are present on duty.

CLASSIFICATION OF CERTAIN ASSISTANT STATION MASTERS WITH STATION MASTERS.

*1347. The Agent, East Indian Railway reports as follows :

"No anomalies exist in the classification of certain Assistant Station Masters and Station Masters on the O. & R. Section of the East Indian Railway. The classification and line of promotion of such staff is as tabulated and explained below :

Assistant Station Masters.		Station Masters.	
Old.	Revised.	Old.	Revised.
Rs.	Rs.	Rs.	Rs.
A. 40—3—55 . .	40—4—68	A. 60—3—75 . .	52—4—76
B. 60—3—75	B. 78—3—90 . .	78—4—90
C. 78—3—90 . .	70—5—95	C. 100—5—140 . .	95—5—120
D. 100—5—140 . . obsolete.	100—5—110		

Promotions of Assistant Station Masters and Station Masters are made on the following principles :

A Class Assistant Station Masters grade 40-3-55 who have passed the Goods Audit examination are promoted as B Class Assistant Station Masters grade 60-3-75 or A Class Station Masters 60-3-75 as vacancies occur.

B Class Assistant Station Masters 60—3—75 are promoted as C Class Assistant Station Masters 78—3—90 or as A Class Station Masters 60—3—75 as vacancies occur.

Hence for promotion to B Class Station Master grade 78—3—90, the C Class Assistant Station Masters and A Class Station Masters are borne on a common seniority list, the relative seniority in which is reckoned from the date of promotion to the grade Rs. 60—3—75."

PUNISHMENT METED OUT TO CERTAIN SUBORDINATES OF THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

*1350. The Agent reports as follows :

"The staff are not punished before receipt of their explanations. It was formerly the practice in certain cases to use the expression "Fined pending receipt of a satisfactory explanation", but the fine was in no case made absolute prior to the explanation being received. The practice has been discontinued."

Statement showing the staff employed at Dehra Dun with their scales of pay.

Staff.	Scale of pay.
	Rs.
<i>Transportation staff.</i>	
Station Master	350—25—400
Assistant Station Master	260—10—290
Assistant Station Masters	40—4—68
Trains clerks	{ 30—4—70
	{ 28—3—67
Station Master's clerk	28—3—52
Ticket Collectors	37—3—52
Relieving Ticket Collectors	37—3—52
Lady Ticket Collector	75—5—125
Signaller	30—4—70
Signallers	40—2—52
Platform Assistant and Head Ticket Collector	130—5—190
<i>Commercial Staff.</i>	
Goods clerk	100—5—120
Goods clerks	{ 28—2—50
	{ 30—4—70
	{ 30—4—66
Booking clerk.	78—3—90
Booking clerks	{ 28—3—52
	{ 28—2—50
Parcel clerk	78—3—90
Parcel clerks	{ 28—2—50 (Old.)
	{ 28—3—52 (Revised.)
<i>Inferior staff.</i>	
Gunners	36—3—66
Line Jemadars	20—1—25
Pointsmen	14—1—19
Shunting Porters	{ 16—1—23 (Old.)
	{ 17—1—22 (Revised.)
Station porters	12—1—17
Station peons	12—1—17
Waiting room bearer	12—1—17
Waiting room Ayah	12—1—15
Telegraph peons	12—1—17
Bhisties	12—1—15
Hindu waterman	12—1—15
Sweepers, Gr. I	12—1—17
Sweepers, Gr. II	12—1—15
Bearer, Rest House	12—1—17
Conservancy Cartman	15—1—25
Conservancy Jemadar	{ Gr. I . 20—1—26/2—30
	{ Gr. II . 20—1—25
	{ Gr. III. 15—1—20
<i>Running Room staff.</i>	
Cook for European guards	{ Gr. I . 20—1—25
	{ Gr. II . 15—1—20
Running room bearer	{ Gr. I . 14—1—19
	{ Gr. II . 12—1—17
Box coolies	12—1—17
Sweeper	{ Gr. I . 12—1—17
	{ Gr. II . 12—1—15

Statement showing the staff employed at Dehra Dun with their scales of pay—contd.

		Rs.
<i>Power staff.</i>		
Running Shed Foremen		450—25—475
Drivers		30—65 Scale I. 35—70 Scale II.
Shunters	0-12-0—0-1-0—0-15-0	Scale I.
Firemen	0-15-0—0-1-0—1-2-0	Scale II.
	0-10-7 to 0-13-7	
	0-7-6 to 0-10-6	
	15—18	
Cleaner	17 to 19-8-0	
	12—17	
I. A.	20—1—26	
School Master (under C. O. P. S.)		
Clerks	28—4—80	
	55—3—70	
Boiler maker	0-12-0—0-1-0—0-15-0	
	1-0-0—0-2-0—1-10-0	
	1-12-0—0-2-0—2-0-0	
Fitters	Do.	
Shed apprentices	8—1—12	
Fitter coolies	0-7-0—0-0-8—0-9-8	
	13—1—18	
B. Maker coolies	Do.	
Boilerwasher	23—3—35-5-45	
Steam man	15—1—25	
Fire droppers	12—1—18	
Cooks	15—1—20	
Callmen	12—1—17	
Peon	Do.	
B. W. Mates	0-7-0—0-0-8—0-9-8	
	12—1—17	
Store cooly	Do.	
Water chowkidar	Do.	
Sweeper	12—1—15	

Rolling Stock staff.

Head Train Examiner		240—20—340
Train Examiner "C"		55—5—95
Fitters, Revised grade		18—2—36
		38—2—50
	0-12-0—0-1-0—0-15-0	
	1-0-0—0-1-0—1-10-0	
	1-13-0—0-1-0—2-0-0	
Carpenter	Revised grade .	18—2—36
	Old grade .	0-12-0—0-1-0—0-15-0
		0-15-0—0-1-0—1-10-0
		1-13-0—0-1-0—2-0-0
Lifter	Revised grade .	15—1—20
	Old grade .	0-7-0—0-0-8—0-9-8
		0-12-0—0-1-0—0-15-0
Wheel tapper and gaugers	Revised .	15—1—20
	Old .	0-7-0—0-0-8—0-9-8
		0-12-0—0-1-0—0-15-0
Oilers and Repackers		Do.
Coolies	Revised .	12—1—17
	Old .	0-7-0—0-0-8—0-9-8
Cleaner		Do.
Bhisty		12—1—15
Sweeper		Do.
Cleaning Jamadar		0-12-0—0-1-0—0-15-0
		1-0-0—0-1-0—1-10-0

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

*326. The Agent reports that the following Indian schools are maintained by the East Indian Railway at Tundla, Moghalserai, and Bareilly :

A. V. High School, Tundla.

Indian M. E. School, Moghalserai.

Victoria Railway School, Bareilly.

The pay of teachers employed in these schools has been assimilated with that of the teachers possessing similar qualifications employed in schools managed by the Provincial Government.

As regards clerks employed in these schools, the Local Committees of Management of these schools are at liberty to allow the clerks either the scales of pay in force in the Provincial Government Schools or such other scales as are considered commensurate with the class of work required to be done. It is understood that the scale of pay of the clerks in the A. V. High School, Tundla and Indian M. E. School, Moghalserai is the same as that of clerks in the Provincial Government schools.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Indian Finance Bill—Schedule I. The question before the House is :

“That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head ‘Postcards’ the following be substituted :

‘Single	Half an anna.
Reply	One anna’.”

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadian Rural): Sir, I beg to support the amendment which has been moved,—a similar amendment stands in my name also. Sir, I think very few words are needed to give our support and to convince this House of the necessity of reducing at least the price of postcards to half an anna and that of reply postcards to one anna.

Sir, only about fourteen years ago, the price of postcards in this country was one pice. Then, owing to the deficit in the Government’s finances, it had to be increased to half an anna. The people every year hoped that from half an anna it would be reduced to its original price as soon as possible. With that hope, year in and year out, amendments were put forward by Honourable Members in this House owing to the persistent demand from the public for a reduction of the price of postcards at least. Those amendments were rejected every year and probably the Government thought that as people had become accustomed to this high rate of postcards by this rate having been in vogue for more than ten years, they could now also help the Finance Member by raising the price of postcards by fifty per cent again. Sir, the price of postcards has been raised by 200 per cent above what it was formerly. I would like to know from the Government whether there is any other mode of indirect taxation and taxation of the poor people by which these taxes have been increased by 200 per cent within recent years or within living memory. Sir, we have failed in our attempt to bring down the price of the postcard to its original level. The reason for not accepting the proposal, as generally given out by the Government, is that it would entail a loss of so many lakhs of

[Mr. Amar Nath Dutt.]

rupees. Sir, I beg to submit that if the Government think that they cannot reduce the postage rate because there will be a loss of so many lakhs of rupees a year or a few crores of rupees a year, it is better for the Government that they should hand over the Postal Department to a Board of Directors to be managed by them. (Hear, hear.) Sir, I have been carefully thinking over the matter for several nights before placing my suggestions before this House, and I say, Sir, that if the Government are unable to carry on the Postal Department without inflicting such high charges on the people, they should give up this Department either to a Board of Managing Directors or to private individuals, and I am sure that they will be able to run this Department with lesser postage rates, thus giving the much-needed relief.

Mr. Muhammad Anwar-ul-Azim (Chittagong Division: Muhammadan Rural): Question.

Mr. Amar Nath Dutt: Sir, my friend from Chittagong says "question".

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): My friend, Mr. Vidya Sagar Pandya, is willing to take it up for fifteen lakhs.

Mr. Amar Nath Dutt: Well, one gentleman questions the feasibility of the scheme, and there is another gentleman who is ready to work the scheme!

Sir, I ask the Government in all seriousness to consider this matter that if they even oppose us in the matter of this reduction of postcards from three pice to only two pice which was its more recent original price, then they have no business to remain in charge of the Postal Department if they cannot make two ends meet.

Sir, various ways and means can be suggested by Non-Official Members as to how they can run this Department at a lesser cost, but these will not generally be acceptable. We are thus faced with this dilemma that the Government will neither accept our suggestions for the economical running of the Department, nor will they be agreeable to reducing the high postal charges. The only alternative, in these circumstances, I say, that the representatives of the people can suggest as a way out of the difficulty, is for the Government to hand over the Department to the public, and I am sure that either by a Board of Managing Directors or by any other such concern the Postal Department can be managed more efficiently and more economically, thus securing to the sorely-tryed people the much-needed relief. If they are not willing to do this, then I shall be obliged to observe that it is their intention to have all the benefits of the high postage rates for themselves only and not for the benefit either of the people or of any other people belonging to the Department, save and except for the benefit of those who are in charge. Why should they be unwilling to hand over this Department? We have such large concerns being managed by Indians. I am sorry I do not find my capitalist friends in the House today. They are always asking for some tariff protection and bounties. They manage huge concerns.

Mr. H. M. Joshi (Nominated Non-Official): They will come for protection again.

Mr. Amar Nath Dutt: In that case we shall place Mr. N. M. Joshi in charge of the Department rather than our capitalist friends, and I am sure Mr. Joshi will look more to the welfare of the poor postal officials, and not those highly paid officials. Be that as it may, my demand is most emphatic, namely, that if they cannot reduce the rates of postcards at least to half an anna, there is no justification for their existence, and they must either hand over the Department or abolish it altogether.

Sir, with these words, I support the amendment

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Sir, I rise to support the amendment moved by Mr. Maswood Ahmad for reducing the price of postcards from nine pies to six pies. I appreciate the difficulty of the Government in the Postal Department to accept this amendment in view of the deficit Budget. But, Sir, we on this side of the House also feel it our duty to give expression to the strong public feeling in the country about the high price of postcards in India.

The Government this year have suggested only the lowering of the telegraphic rates. They have suggested nine annas for a telegram consisting of eight words although there was not half the demand that was made for the postcards. They are anxious to keep all the Anglo-Indians who are employed in the Telegraph Department in service so far as practical. I have full sympathy with that attitude of Government. In these days of unemployment, Government should certainly try to keep as many of their employees in service as possible. Perhaps, that is the reason why, in view of the very strong recommendation made by Mr. Varma's Committee on Telegraph Retrenchment, the Government took no great steps for several months to give effect to those recommendations. But, so far as the postal side is concerned, it is just the other way. I was telling this House the other day how a number of postmen and delivery peons had been discharged under various excuses, particularly in Burdwan and Sylhet Circles in Bengal and Assam, so that the Department might be able to re-employ some other people on a lower scale of pay. As I have said, I do not believe that the Postal Department is a commercial department of the Government of India at all. So far as I remember, the Government maintain that the accounts should be commercially kept. It is not like the Railway Department, which is like a commercial department, where the only thing that we should look to is that there should not be any deficit at all. For unemployment in other countries, throughout the world Governments there are spending lots of money. But here the Government have not taken up this question at all. Even if, in this indirect way, by lowering the postage, they can find occupation for a large number of people, who will otherwise be unemployed, I think they will be helping the people of this country in these days of depression. So, even if there is an apprehension of a little loss, the Government should, in our view, try this experiment of lowering the price of postcards. I am sorry that some of our aristocratic friends are not here but if Sir Muhammad Yakub, the Knight of Moradabad, were here, he would have said that it is only a matter of three pies, and, therefore, it does not concern the people very much. But, Sir, we should not forget the average income of an Indian when we consider these questions. It is necessary even for the poorest people to communicate

[Mr. S. C. Mitra.]

to their relations when they are away, and it is really a great grievance in the country that the postage rates have been still maintained at such a very high figure. Sir, I would like to emphasise that the Government should take the first opportunity to lower the rates of postcards if they are to lower the postage rates anywhere. Any other items, such as, the foreign postage or the postage of registration should be taken into consideration afterwards. Sir, I support the amendment.

Khan Bahadur Haji Wajihuddin (Cities of the United Provinces: Muhammadan Urban): Sir, I rise to support the amendment moved by my friend, Mr. Maswood Ahmad. I wish the old cheap rate of postage revived in this critical period of general depression throughout the world, and, with a view to lightening the burden of the people of this poor country and to creating a fresh temptation among the public in general and businessmen in particular, I propose to issue two sizes of postcards, one of the ordinary size and the other of small size at reduced rates, which will, I hope, bring more revenue as this will be a source to increase the use of postcards throughout the country.

Sir, before the War, a postcard was sent for three pies. Its value was subsequently increased to six pies after the War. The price of the postcard for the last few years has been increased to nine pies. Postcard, as we all know, is used generally either by the poorer classes or by businessmen, and no well-to-do people ever use it. The burden of this, therefore, falls entirely upon a certain particular section of the country. By increasing the price of the postcard the consumption has gone down enormously. If I remember aright, my Honourable friend, Sir Frank Noyce, on the floor of the House once said that the increase in the income was only five per cent, while the price has been increased by 50 per cent, and this increase must have been due more to postage stamps than to postcards. I strongly advocate that the price of ordinary size card should be reduced to six pies. My additional argument is that the Government have now reduced the price of postage for a letter weighing half a tola from 15 pies to 12 pies. In other countries, the price of a postcard is half of the price of inland stamps. I, therefore, say that the nine-pie card is not justifiable and the loss of three pies on a postcard will be very much compensated by the larger use of postcards. I also suggest the issue of half size postcards for three pies for the use of commercial houses generally which they will be able to use as printed circulars in large number to their customers which would be a source to bring more revenue through them. I may be pardoned, Sir, if I say that Government should run the Postal Department on commercial lines and should always remember that the business is the soul of life, and unless the need of the hour is realised and proper action is taken in this direction forthwith, no increase in revenue must be expected. Sir, necessity is the mother of invention and we must respond to the call of the time. I do hope that my proposal will be adopted by the House and that the Department will be able to bring huge profit on account of immense increase in the number of postcard traffic throughout the country. With these words, I support the amendment.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to support the amendment. I congratulate the Honourable Member, who just sat down, for suggesting the idea of a smaller size postcard. It is well known that when the postcards were first started, the

size was smaller. It was only afterwards that the bigger size postcard was introduced. I think the two sizes should be maintained now for the present and the smaller size postcard should be half anna. As in the case of the letter postage one anna postage has been prescribed for half a tola letter, so, in the case of the smaller size postcard, half anna should be charged. It will be a compromise between the Government proposal and the amendment. Those who have to communicate very little matter will use the smaller size postcard and those who have to write almost a full letter will use the bigger size postcard.

In this connection I must say a few words about the proposal of my Honourable friend, Mr. Amar Nath Dutt. At the outset, I must say that I do not accept his idea. It is the cry of the present age that all such concerns of national utility should be nationalised. The Post Office is one of the concerns which is already nationalised, and to go back and hand it over to a Board of commercial men will be giving a premium to capitalism. At the same time, I may point out that there is no guarantee that the new administration will be more efficient than the present one. The Post Office has been all along managed admirably and it has received the encomiums all these days. Now, since the slump in trade, the income from Post Office has dwindled down. I think it is a passing phase and we need not be scared away by the present deficits. The Post Office income will recover before long, and I think everything will go on all right. At the same time, I do not mean to say that retrenchment need not be taken in hand on a larger scale. At present the income is less and the expenditure heavy. There ought to be retrenchment, and I welcome the step taken by the Department in appointing a Committee. I hope that as a result of the enquiries of that Committee, the Department will be so well organised that duplication will be done away with, and, at the same time, persons whose services are not required at present on account of changed circumstances will be retrenched. I must also say that taking the present prices in the market into consideration, the salaries of all, from top to bottom, ought to be reduced in a certain proportion. There are some people who maintain that the lower subordinate salaries should not be touched. I do not subscribe to that view, although this statement of mine will be very unpopular. I think if real retrenchment is wanted and if a big amount is to be saved in consequence of retrenchment, as the number of lower subordinates is much larger, the largest amount is to be got by reducing the salaries of the lower subordinates. It is these lower subordinates that are benefited by the low prices. With these words, I support the amendment.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muham-madan): Sir, of all the Departments under the Government of India, I think the Postal Department is one which comes more intimately into touch with the daily life of the people, both in the villages and towns, to such an extent that I may say it is a popular Department, and as a whole the Department has also been running on efficient lines; but I regret to say that some of the suggestions which have emanated from this side of the House have not been given proper consideration by the Government. For instance, this particular suggestion of reducing the price of postcard to half an anna is one which ought to commend itself to the acceptance of the Honourable Member in charge. I believe that if this change is made, it will result in a substantial rise in the revenues of the Department, and

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whatever little loss it will entail it might be recompensed in various other ways. The suggestions which have emanated from different Members on this side of the House, from Mr. Mitra and Mr. Jadhav, go a long way in meeting any deficit that might arise in giving effect to the particular suggestion embodied in this amendment.

The price of a letter has been reduced to one anna, but the weight also has been reduced to half a tola. I submit this is not very helpful to the general body of the public. It will be very helpful to commercial bodies, but not to individuals when the weight has been reduced to half a tola.

In the same way, the telegraph charges have been reduced, but the number of words has been limited to nine words only, and this will be helpful to those who use code telegrams for their addresses which are mostly European commercial bodies. So far as the general body of Indians are concerned, that change is one of doubtful utility. However, we are thankful for the little relief that the Department has given us.

So far as this particular amendment is concerned, I believe that if this change is given effect to, it will bring a substantial increase in revenue, because more people will utilise the postcard to such an extent that whatever little loss of revenue the Department might suffer, it will be made good in an expanding traffic, and the result will be taken in the natural course of things. After all, this is a utility Department, but if none of these improvements are effected, much of the utility will be gone and it will be reduced to a futility Department.

I wish to refer to another point which was made on this side of the House during the general discussion on the Budget, namely, that the accounts of the telegraph as well as postal side should be kept separately in order to indicate which side is costing more and which side gives revenue and which side is running at a loss or profit. If these things are done, I think it will be a decided improvement upon the present condition of things, and the change will be greatly appreciated by the public at large. I, therefore, strongly support this amendment, and I earnestly appeal to the Honourable Member in charge to give his sympathetic and earnest consideration to this subject, because, after all, the object of this Department and our own object is virtually the same, namely, to make the Department as popular as possible, and to increase the facilities which the Post Office gives to the public and to see that as little loss is inflicted on the Department as possible. With these words, I support the amendment.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I dealt with this question very fully in the long speech I made on the first amendment relating to the postal charges. But I am sorry to find that the arguments I then adduced have not proved as convincing to Honourable Members opposite as I could have wished. I assured them then and I would repeat the assurance now that we on these Benches fully realise that there is no change in the postal rates which would be more welcome to Honourable Members opposite than a reduction in the postcard rates. (Hear, hear.) I can assure them that all our energies will be bent during the coming year, as for that matter, they have been in the past year and in the year preceding it, to bringing about such a state of equilibrium in the finances of the Posts and Telegraphs Department as to enable us to achieve that reduction. Further than that I cannot go.

I regret that I am unable to accept this amendment, since as I mentioned in my speech, and as the Honourable the Finance Member also mentioned in his Budget speech, it would involve a loss of 56 lakhs and that we cannot afford. I am aware that many Honourable Members opposite hold that the loss would not be 56 lakhs; in fact they go so far as to say that we should bring in vast increases in our revenue if we made the change at once. They have not explained the grounds on which they base that optimistic estimate and I trust they will forgive me if I say that I naturally prefer the estimate that my own Department which has expert knowledge on this question has framed. Our estimate is based on the assumption that if the postcard rate were reduced, the traffic in postcards would increase by ten per cent. of its present volume. My Honourable friend, Mr. Lahiri Chaudhury, thought that this was over-cautious and that an increase of 30 per cent. might be expected in two years. If that increase were obtained, he held that the loss would be reduced to about 30 lakhs, so that, all we would have to face would be a loss of 60 lakhs in two years. But, Sir, 60 lakhs is a very large figure. As far as we can frame an estimate, there is very little ground even for his estimate of 30 lakhs a year. I should like to draw the attention of the House to the past history of this question.

The postcard rate was increased from December, 1931, but the volume of postcard traffic had begun to decrease before that time, and that is a point which I should like to emphasise. The total traffic in postcards was at its highest in 1928-29 with which year Mr. Lahiri Chaudhury compares 1932-33. The figures in 1928-29 were 588 millions, in 1929-30 they had fallen, though very slightly, to 583 millions, and in 1930-31 they were 538 millions. They fell again in 1931-32 to 491 millions, although the increase in the rate only happened in December, 1931. Now, Sir, it is obvious that this very great fall in the traffic, which was going on before December, 1931, had nothing whatever to do with the rates, but was entirely due to the economic depression and there is no doubt whatever that the figures would have fallen very much further and our revenue would have decreased very greatly indeed if we had not put up the rate. It was due to the increase in the rates that we managed to retard the drop in revenue. From that it follows, I think, that an increase of 30 per cent. that is from 450 million postcards to 585 millions cannot be expected without an extensive improvement in the general economic situation, and of this the signs at present are unfortunately very faint. But there are signs, and that is the reason why we have reduced the rate on letters at a cost of 27 lakhs. We cannot go further this year and reduce the rate on postcards at a cost of 56 lakhs, as it would bring the total loss up to 83 lakhs.

My Honourable friend, Pandit Satyendra Nath Sen. made a very moving appeal to me, in the course of which he seemed to hold that a public utility department need not worry about making both ends meet. He thinks apparently that it does not matter what loss is incurred by the Department provided it is of use to the public. That, Sir, is not our idea of a public utility department. As has been said by myself, by my predecessor and by successive Finance Members, we do not expect the Post Office to yield a large surplus in relief of general taxation as it does in England, but we do expect it as a public utility department to pay its way and we have to fix our charges accordingly.

My Honourable friend, Mr. Amar Nath Dutt, apparently thinks that we are of very little use and that it would be very much better if we closed

[Sir Frank Noyce.]

down completely and handed the Post Office over to a Board of Directors or to private individuals. Well, Sir, I cannot imagine any Board of Directors or Corporation of private individuals coming forward with a capital of 25 crores which they would require merely to take over the assets of the Department and with another 12 crores which would be wanted to provide its working capital. More important still,—and this is a point which ought specially to appeal to my friend, Mr. Mitra,—I can imagine no Board of Directors or Corporation of private individuals giving the employees of the Post Offices the terms and conditions with regard to service, leave and pension, which the Government of India do. That is one of the reasons why our financial position is not stronger than it is. As I pointed out last year, it is the large increase in the pay of the subordinate ranks of the Department which has proved a heavy burden on it. Those rates were given when the outlook was very much better than it is today. I am not criticising them in any way, but all I would say is that we are suffering from them now.

My Honourable friend, Mr. Mitra, repeated his charge that we were retrenching on the postal side disproportionately with the retrenchment that has been carried out on the telegraph side. I hoped I had provided sufficient refutation of that argument. Retrenchment as retrenchment has, as a matter of fact, proceeded *pari passu* in both departments. We have carried out all the retrenchments that we could in both branches on broad general principles. As regards the Telegraph Committee, whose report is now under our consideration, I would point out that to that extent the Telegraph Department is worse off than the Postal Department, because their reorganisation committee came first. The reorganisation of the methods of work in the Postal Department has yet to be examined by a Committee. We hope that in both cases we shall get economies, but, as I have said here, our primary object is to bring about a reorganisation of our methods and to bring them up to date.

My Honourable friend, Mr. Gaya Prasad Singh, referred once more to the separation of postal and telegraph accounts. I dealt with that in my speech last week and pointed out that, as regards revenue, we will have the matter examined again and as regards expenditure we will place the whole question before the Public Accounts Committee for their advice.

Before I sit down, I should like to refer to the interesting suggestion put forward by my Honourable friend, Khan Bahadur Haji Wajihuddin, that we should have a special small postcard the rate for which should be three pies. I should like to show the House the size of the postcard that he suggests.

(The Honourable Member then showed a card about the size of a visiting card.)

Mr. Amar Nath Dutt: That will serve our purpose.

The Honourable Sir Frank Noyce: This is the size of the postcard he suggests. The measurements are exactly those which have been stated in

his amendment. What he has evidently forgotten is that if you halve the size of the postcard each way, the result is a quarter of the size of the original postcard and not half. I am afraid business firms would find it extremely difficult to get anything of importance on a postcard of this size and that there would not be room for the stamp and the post-mark, much less for the address.

Khan Bahadur Haji Wajihuddin: The measurement was given in my notice of amendment: I mentioned it there. Half of the ordinary size.

The Honourable Sir Frank Noyce: And this is the size of your postcard. (Laughter.)

All I can say in conclusion is that we simply cannot afford a loss of 56 lakhs this year. I can only repeat once more that our efforts will be directed to bringing about such an improvement in the financial position of the Department as to enable us to introduce this change at the earliest possible moment, because we do realise and realise very fully that it is a change which will commend itself most heartily to Honourable Members opposite. I hope they will be content with that assurance.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head '*Postcards*' the following be substituted:

'Single Half anna.

Reply One anna'."

The Assembly divided:

AYES—37.

Abdoola Haroon, Seth Haji.
Abdul Matin Chaudhury, Mr.
Abdur Rahim, Sir.
Aggarwal, Mr. Jagan Nath.
Azhar Ali, Mr. Muhammad.
Bagla, Lala Rameshwar Prasad.
Bhuput Singh, Mr.
Chandi Mal Gola, Bhagat.
Das, Mr. A.
Das, Mr. B.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.
Ismail Ali Khan, Kunwar Hajee.
Jadhav, Mr. B. V.
Jha, Pandit Ram Krishna.
Lahiri Chaudhury, Mr. D. K.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Mody, Mr. H. P.

Muazzam Sahib Bahadur, Mr.
Muhammad.
Mudaliar, Diwan Bahadur A.
Ramaswami.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Rajah, Raja Sir Vasudeva.
Sant Singh, Sardar.
Sarda, Diwan Bahadur Harbilas.
Sen, Mr. S. C.
Sen, Pandit Satyendra Nath.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Sahab Bahadur, Mr.
Wajihuddin, Khan Bahadur Haji.
Ziauddin Ahmad, Dr.

NOES—45.

Abdul Aziz, Khan Bahadur Mian.
 Ahmad Nāwaz Khan, Major Nawab.
 Allah Baksh Khan Tiwana, Khan
 Bahadur Malik.
 Anwar-ul-Azim, Mr. Muhammad.
 Bajpai, Mr. G. S.
 Bhole, The Honourable Sir Joseph.
 Chatarji, Mr. J. M.
 Cox, Mr. A. R.
 Dalal, Dr. R. D.
 Darwin, Mr. J. H.
 DeSouza, Dr. F. X.
 Dillon, Mr. W.
 Fazal Haq Piracha, Khan Sahib
 Shaikh.
 Graham, Sir Lancelot.
 Grantham, Mr. S. G.
 Haig, The Honourable Sir Harry.
 Hardy, Mr. G. S.
 Hezlett, Mr. J.
 Hockenhull, Mr. F. W.
 Hudson, Sir Leslie.
 Irwin, Mr. C. J.
 Ismail Khan, Haji Chandhury
 Muhammad.
 James, Mr. F. E.

Lal Chand, Hony. Captain Rao
 Bahadur Chaudhri.
 Lindsay, Sir Darcy.
 Macmillan, Mr. A. M.
 Metcalfe, Mr. H. A. F.
 Mitter, The Honourable Sir Brojendra.
 Morgan, Mr. G.
 Mukharji, Mr. D. N.
 Mukherjee, Rai Bahadur S. O.
 Noyce, The Honourable Sir Frank.
 O'Sullivan, Mr. D. N.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Ramakrishna, Mr. V.
 Rau, Mr. P. R.
 Row, Mr. K. Sanjiva.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan Gakhar,
 Captain.
 Singh, Mr. Pradyumna Prashad.
 Sloan, Mr. T.
 Talib Mehdi Khan, Nawab Major
 Malik.
 Tottenham, Mr. G. R. F.
 Varma, Mr. S. P.

The motion was negatived.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head 'Postcards' for the words 'One and a half annas' the words 'One and a quarter annas' be substituted."

Sir, in this connection, I am very sorry to say that even my modest suggestion about the reduction in the price of the postcards has not been accepted by the Government. We have no other alternative but to place our views before the Government. We have no power to keep a check on absentee Members or to cancel the election of the Members who are always absenting themselves from this House or to nominate their substitutes, nor have we any powers to dictate to certain Members that they should vote in a particular manner. I want to point out that if Government have not been good enough to accept my suggestion to reduce the price of the single postcard, they should at least accept the suggestion contained in my amendment, and that is, that they should reduce the price of the reply postcard. The Honourable Member in charge just now admitted that the main cause of the fall in traffic of postcard was because the price of the postcard was raised, but my Honourable friend has suggested that the rate was increased in the month of December, and so the cause of fall in traffic was not due to the increase in the rate of the postcard, but was due to the economic depression. If my Honourable friend will look at the figures of that year, he will find that the fall in traffic occurred only in the last four months since the price of the postcard was raised. If he will see the figures for eight months, he will find that the natural decrease in traffic which he found in the last two or three years has been due to the economic depression. Further, I want to satisfy my Honourable friend that it is not the economic depression alone that has been responsible for the decrease in the sale of postcards. If, as is contended, the economic

depression alone has been responsible for the fall in traffic of the postcards, why has there not been a corresponding decrease in the British postal orders,—on the other hand, the British postal orders have increased. In the same year, you will find that the number and value of British postal orders sold in India have increased, but the traffic in postcards has decreased. Therefore, we have to judge this by three criteria. The first is, what is the justice for the demand, the second is, what will be the loss if the suggestion is accepted by Government, and the third is, whether my suggestion will be a workable proposition or not. These are the three main points which have to be considered in connection with the amendment I am moving.

With regard to the loss that is apprehended that might accrue if my suggestion was accepted, I want to point out that the number of postcards sold last year was 282 millions, and if Government accept my suggestion, and if it is assumed that ten per cent of the postcards sent were reply-prepaid, then the loss will not be more than Rs. 22,000. If, however, my suggestion to reduce the price of the reply-paid postcard is accepted, it will increase the traffic, because even now they get about five per cent increase by the reply-paid postcard system, and the anticipated loss of Rs. 22,000 will be much less, because the traffic in the reply-paid postcard will increase. This is my reply with regard to the apprehended loss.

With regard to the second point that my scheme may not be workable on the ground that if the price of a single postcard is three pice and that of a reply-paid postcard is five pice, the public will, after purchasing a reply postcard divide it into two halves and send only one, but I want to point out that this is not possible, because, Sir, in the other half of the postcard which is meant for reply it is clearly written Reply-paid

An Honourable Member: It is already there.

Mr. M. Maswood Ahmad: Sir, the single postcard and reply-paid postcard can be printed in two different colours, and if the postal authorities find a single postcard having the colour of a reply-paid postcard without the word "Reply", therein, they can demand extra payment for it. Suppose a reply-paid postcard is in blue colour and the single postcard is shown in green colour, the postal authorities would surely be able to distinguish between the two, and can certainly charge the excess rate. Therefore, the fear that one portion of the reply-paid postcard will be used by the public as single postcard is without foundation, because they will know that the colour cannot be used for a single postcard. Therefore, if my suggestion is adopted, there will be an increase in reply-paid postcards. The fact is, there are a large number of people who leave their villages and go to outside places like Calcutta and Bombay for industrial and other work, and now they generally don't get reply to single postcards, but if reply postcards are made cheap, they will certainly use them readily, and it will act as an inducement to reply to their relatives as soon as they get a reply-paid postcard in their hand. Thus the traffic in reply-paid postcards will increase.

Then, Sir, coming to the third point about the justice of my demand, as I have said on several occasions before, it is a great injustice to the poor people that they have to pay 50 per cent surcharge on these things while the general surcharge is 25 per cent only. When the Honourable Member has been good enough to reduce the rate of the letters, it is surely a

[Mr. M. Maswood Ahmad.]

great injustice to the poor people that the rate of the postcard has not been reduced, because if Government were in a position to reduce the rate of the letters, they should certainly have seen their way to reduce the rate of the postcards too, because it is the poorer classes of this country who deserve a greater amount of sympathy than those who write letters sitting on tables and use very nice letter papers. Instead of affording any real relief to the poor, Government are giving a certain relief to the richer people of this country, and this is hardly just.

Then, the last point to which I want to draw the attention of the Member in charge of the Department is that there should be an Advisory Committee for the Postal Department. There are certain Advisory Committees appointed to advise Railway and other Departments. But I am sorry to say that I do not see any Advisory Committee elected by this House for advising the Department on postal rates and other postal matters. If Government agree with my suggestion that they should have Central and Local Advisory Committees for the Posts and Telegraphs Department as they have in the Railway Department, the Government will be spared many of the criticisms which are now made against them. It is possible that I might not have been able to satisfy the Honourable Member in charge in regard to the reply-paid postcard rates, but if I were on such a Committee, I would have been in a better position to convince the Committee. With these words, I move my amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head 'Postcards' for the words 'One and a half annas' the words 'One and a quarter annas' be substituted."

Sir Darcy Lindsay (Bengal: European): My sympathies are entirely with the Honourable Member who has moved this amendment. I do consider that there was great hardship involved to the poor people who use these postcards when the rate was increased by 50 per cent. I will await what the Honourable Member has to say as to the loss this proposal would entail, but, on the other hand, I do hope that he will take into serious consideration, as soon as an opportunity offers, a reduction of the post-card rates even on the lines proposed by the amendment. To my mind, it would be quite feasible to have a reply postcard—the first card to be stamped with a nine pie stamp and the reply with a six pie stamp. It seems to me a matter of no importance whether these two cards travel attached one to the other. All that we want to do is to give to the poorer class of people a reduction in postage. I am perfectly convinced that the villager would willingly buy this reply postcard for five pice, he can possibly pass it on to his neighbour or he can use it for himself on a later occasion, and it brings to him the advantage of only being taxed 25 per cent instead of 50. The reason for the 50 per cent was that we have no coinage that would have given 7½ pies. I ask the Honourable Member to give this his very serious consideration, and if, in the course of the year, he finds that it would be feasible, I hope he will carry out the proposal put forward. I agree that it were better to have reduced the postcard rate rather than reduce the letter rate by three pies for the half a tola envelope. Another point that was made by my Honourable friend, the Mover of the amendment, was what he had to say about an

Advisory Committee. I think that of all Committees an Advisory Committee in the Posts and Telegraphs Department would be of the utmost value. The Department is rather inclined to go slapdash at these increases in rates, whereas with a little consultation with an Advisory Committee that would not happen. Any way, if the Government were able to convince the Advisory Committee that those increases were necessary, they would probably have the House with them instead of against them as is the case at present.

The Honourable Sir Frank Noyce: As regards the specific proposal before the House my Honourable friend, Sir Darcy Lindsay, has supplied the answer to the amendment. What his argument amounts to in effect is that there is no conceivable means by which the Department can prevent people from buying only reply cards, cutting them into two, and using them as single cards, and he appears to hold that it would not matter very much if they did. Therefore, the answer to the amendment is that this would cost us about Rs. 30 lakhs. It may be that we should have been better advised if we had adopted this method of procedure in preference to the reduction of the letter rate. But what I would point out to the House

Mr. M. Maswood Ahmad: What percentage do you calculate if reply cards are used?

The Honourable Sir Frank Noyce: It does not matter to what extent they are used now. If this proposal were adopted, the position would be that only reply postcards would be used in future and that everybody would buy reply postcards, cut them into two and pass on the other half to some one else if they do not wish to use it themselves. That is the trouble.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): May I ask the Honourable Member for Industries, supposing a rule were made that a reply postcard must contain the address of the sender—if I want to send a postcard and also a reply postcard with it, I give my own address on the reply postcard, and consequently it prevents the misuse of the reply card, because the recipient is then limited to replying to me?

The Honourable Sir Frank Noyce: That is a question which would require careful examination, but the point I would urge on the House is that it is far better to direct our aim to a reduction of the postcard all round than to adopt the principle that if you buy a certain quantity you get a reduction. It is not a principle that we have adopted in selling our postal wares hitherto, and I doubt if it is desirable that we should introduce it now. As I was saying, it might have been preferable, possibly some Members of the House would think it preferable, that, instead of reducing the rate on letters, we should have adopted the procedure which is being suggested in this amendment. But, I trust that what I have said would convince the House that it is not desirable at this juncture. It is very much better to adhere to our straightforward policy of the same rate for all postcards. As regards the interesting suggestion which has been put forward by my Honourable friend, Mr. Maswood Ahmad, and supported by my Honourable friend, Sir Darcy Lindsay, that we should have an Advisory Committee in the Posts and Telegraphs Department, I need hardly say that I shall be glad to give it my careful consideration. In these circumstances, I regret that I am compelled to oppose this amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head '*Postcards*' for the words 'One and a half annas' the words 'One and a quarter annas' be substituted."

The motion was negatived.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muham-madan Urban): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act 1898, for the head '*Book, Pattern and Sample Packets*' and the entry thereunder the following be substituted:

'Pattern and Sample Packets.

For every five tolas or fraction thereof Nine pies.

Books.

For every five tolas or fraction thereof Six pies'."

I venture to put it to the House that this is a most modest and moderate amendment that has so far been proposed in connection with the Posts and Telegraphs Department.

An Honourable Member: By a Moderate Member!

Diwan Bahadur A. Ramaswami Mudaliar: An Honourable Member says, by a Moderate Member. Yes, I am not ashamed of my moderation. I have accepted the reasoning that has been put forward by the Finance Member for raising the rate from six pies to nine pies. He said that the system of parcel postage was being abused, that many people were taking advantage of it, and that commercial firms in particular were abusing it by sending large quantities of matter through the parcel packet postage. I do not want to disturb any of that. Therefore, I have ventured to accept the suggestion of the Government that, so far as pattern and sample packets are concerned, the increase to nine pies was justified, but I can find no justification whatsoever for increasing the rate on books as such. I do not know whether my Honourable friend would ask me the question "what are books", just like the individual who asked the question "what is truth". I can only say that we all understand what books are. At any rate, I intend by the term books that it should be printed matter, bound or stitched as a book. I can see no reason at all why, so far as books are concerned, the rate should have been increased. There is no question of abuse with reference to books, and I venture to think that it will be a great hardship if this particular tax was raised. It will certainly be a tax on knowledge. If my Honourable friend, the Industries Member, will pardon me for saying so, I know that he yields to none in his literary proclivities and in his literary pursuits, and I venture, therefore, to suggest to him that it would be penalising a large section of the people, and particularly a certain class of commercial men, if this increased taxation was put. I have had during the past few days shoals of telegrams from all sorts of booksellers from all over the country. They point out that their trade would go, that individuals would rather have cheap postage by getting books direct from England singly and individually rather than by ordering them from booksellers here. In

England, they have tried to get over the difficulties of high postage in a variety of ways. My Honourable friend knows that many books are published in what is called featherweight paper with a view to avoiding the heavy costs of postage. In this country, we are not in a position to do that. I do not think that many books published locally can be published in featherweight paper. I can find no justification whatever for these increases from the point of view of revenue, nor from the point of view of abuse. I can only say that this was a composite heading which was adopted long long ago in the Department, and, as they wanted to raise the figure from six pies to nine pies, they did not want to split up this head and make books a separate category altogether, and, therefore, they adopted the increased charge for the whole composite heading. I, therefore, suggest to the House that it will be absolutely unfair and unjust if the bookseller is penalised and the producer of books is penalised. Many students and pupils in our secondary schools have to get books from the metropolitan centres like Calcutta, Bombay or Madras, and it would be hard, in these days of poverty and depression, if these enthusiastic students were to be deprived of getting their books at a fairly cheap rate owing to the prohibitive cost of postage.

My Honourable friend said the other day something about the initial charges being only nine pies. I was not able to follow him, but even so I do not think the proposal can be seriously justified on the ground of increased revenue. In fact, I believe that is not the ground on which the proposal has been put forward and, therefore, I venture to submit that this tax should be restored to its old level.

There is only one suggestion I should like to make following the suggestion of my Honourable friends, Mr. Maswood Ahmad and Sir Darcy Lindsay. They have advocated the establishment of an advisory body. It seems to me, following the discussion on the posts and telegraphs during the last two days, that the constitution of such a body would have considerably helped the Industries Member and the House also in appreciating some of these problems. This is not the proper place whether the question of local service for covers or cards or the question of a reply postcard being of a particular value or the question of postcard being of a particular size can properly be discussed. If these things had been remitted to an advisory board or if the proposals of the Government had been scrutinised by an advisory board beforehand, it would have greatly helped the Industries Member and greatly helped the House. These proposals are not coming into force from the 1st March like other financial proposals. They are to take effect from the 1st April. They are not like customs duties which can be anticipated and can be taken advantage of in case of premature consultation with anybody. We are aware how the closely guarded secrets of the Finance Department are not as closely guarded as the Finance Member would like them to be. We know that these secrets do leak out. For instance, this very year, the question of excise on sugar had leaked out. There was at least one year when it became an open scandal and when some of the most confidential secrets of the Finance Department, with regard to the taxation proposals, did leak out and some persons did profit out of them. This is not a case where any leakage of secrets is possible or where any damage could be done by the leakage of secrets, and, therefore, if the Honourable Member had placed before the Advisory Committee the question whether they would have a reduction in the letter rate or in the rate for cards,

[Diwan Bahadur A. Ramaswami Mudaliar.]

I am almost sure, he would have got the right advice from that body. I have not taken part in the discussion before, but personally I would have postponed this reduction in the letter rate, because I feel that by the adoption of this proposal you have postponed the day when the reduction in postcard is possible. I do not know in what form the advisory body may be constituted. I am not quite sure whether a Central Advisory Body would be desirable or necessary. For my part, I think that local advisory committees in some of the Provinces would be able to do a great deal, because it is not merely with general questions, such as the postal rates or telegraph rates, but on subsidiary questions, which affect a district or a Province, that the advisory committee will have something useful to say. I should like to exclude one category of questions from these advisory bodies, whether they are Central or local, that is, all questions in regard to the grievances of the postal staff. They should not go before the advisory committee. It should deal purely with questions of public convenience. Commercial opinion and other opinion will be represented on that advisory committee, so that the Postal Department may get the benefit of the views of commercial and other public bodies and their work may be adjusted to suit the convenience of a large body of public. I do not want to take up more of the time of the House, but I would press very strongly on the attention of the Industries Member and the House my amendment regarding the reduction of rates for books.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act 1898, for the head '*Book, Pattern and Sample Packets*' and the entry thereunder the following be substituted:

'Pattern and Sample Packets.

For every five tolas or fraction thereof . . . Nine pies.

Books.

For every five tolas or fraction thereof . . . Six pies."

The Honourable Sir Frank Noyce: If I might be allowed to intervene at this stage, I think it would be advisable that I should do so in order to remove a misapprehension. My Honourable friend, Diwan Bahadur Ramaswami Mudaliar, has put in an eloquent appeal against the proposed alteration in our rates, on the ground that it was a tax on knowledge. I think he could not have been here when I explained to the House last week the exact significance of this proposed change, this raising of the initial charge on inland book packets not exceeding five tolas in weight from six to nine pies. What I said then was that:

"I would invite the special attention of the House to the word 'initial' in that sentence,—for it may save misapprehension if I explain that, though we should, under the Schedule as it will now stand, be able to put up the rate for the second and subsequent categories of five tolas for book-packets to nine pies, we do not propose to do so and that the nine pies rate will apply only to the initial category. The drafting of the entry merely follows the practice followed in connection with that relating to parcels which has been in its present form for some years though the rates were only enforced in respect of parcels weighing more than forty tolas in June, 1931."

Therefore, Sir, the position is that, under our proposals, as I have explained, the additional charge on book-packets will be three pies on the first five tolas. That is all: one-quarter of an anna; and, therefore, my Honourable friend's apprehensions about a tax on knowledge are unfounded. But, Sir, if it would give him any satisfaction, I am quite prepared to accept an amendment which will not give us this power to go up to the scheduled rates. I am quite prepared to accept an amendment:

"That for the present entry under *Book, Pattern and Sample Packets*, the following should be substituted :

' For the first five tolas Nine pies,
For every five tolas or fraction thereof exceeding five tolas Six pies '."

That will make it perfectly clear that there will be an increase of only three pies on the first five tolas.

Mr. S. C. Mitra: What is the difference?

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): How much is the loss expected if we remove this charge from the initial rate?

Mr. M. Maswood Ahmad: Is it not the same as amendment No. 42?

The Honourable Sir Frank Noyce: It is not the same as No. 42. That amendment is:

' For every five tolas or fraction thereof exceeding five tolas Six pies. '

The amendment I suggest would be:

' For the first five tolas Nine pies.
For every five tolas or fraction thereof exceeding five tolas Six pies. '

That, Sir, would remove any misapprehension in the minds of the public, and especially the book-selling trade, that we are proposing to put up the rate and I trust that it will go some way to meet my Honourable friend. The difficulty in accepting his amendment, as it stands, is that it would not prevent the evasion we are trying to stamp out. Book-packets, as we propose, would continue to include all other forms of printed matter: and as was explained in this House, what we want to get at is the postcard which is put inside an envelope and sent at the half anna rate. I have received interesting examples of what is happening during the last few days. I have had a number of applications for posts which have taken the form of a personal letter—an ordinary letter, accompanied by copies of testimonials. They have been stitched up at both ends and marked on the outside—"by book post". If they had come by the letter post, they would have cost about 2½ annas, but as they have been marked "by book post" they have come at the rate of half an anna. Now, that is the sort of thing we want to get at. What I can promise the Honourable Member is that we will go into this question of categories again during the coming year and see whether we can devise some definition of a book-packet. We do not want to get at books: we want to get at literature or so-called literature which can masquerade under the designation of a book-packet. If we can find some satisfactory

[Sir Frank Noyce.]

definition of books, we shall be able to reduce this maximum rate of nine pies to six pies in such cases under our own powers which will not necessitate a reference to this House, but I would suggest to the House that we are justified in attempting to stop this evasion, which we estimate involves us in a loss of some five lakhs a year, and we do want that five lakhs. As I said before, we have to look for every economy we can find in order to bring about that happy day when we can reduce the postcard rate, and it was that object we had in mind when we suggested this change. I trust, therefore, that my Honourable friend will, with your permission, Sir, be permitted to move his amendment in the form I have suggested, and that he will be content with my assurance that we will endeavour, in the course of the coming year, to devise some satisfactory way of defining a "book" to which the initial rate of six pies for the first five tolas can be applied.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): I am afraid the Honourable Member in charge has done less than justice to my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, when he said that he was under a misapprehension with regard to what was the exact object of the Government proposal.

The Honourable Sir Frank Noyce: Sir, I would call upon my Honourable friend, the Diwan Bahadur, to judge between us. I do not think my Honourable friend, the Diwan Bahadur, would describe an increase of a quarter of an anna on a book as a very serious matter, or as anything but a small tax on knowledge. I think he must have been under the impression that we were proposing to put up the rate all through and not to stop at the initial category. Sir, an additional three pies on such packets is not heavy.

Mr. K. C. Neogy: Whatever it is, my friend made it quite clear that so far as weights beyond five tolas were concerned, they would be charged at the old rates. Now, the position is this. The lighter the book, proportionately the higher the postal rate that it shall have to bear. Although the statement made by my Honourable friend to the effect that he would examine this position as to whether a more satisfactory kind of a definition could not be adopted for book-packets goes to meet the position of my Honourable friend to a certain extent, I am afraid that this proposed increase in the postal rates will not commend itself to the general public.

Now, Sir, I remember there was a time when the Postal Department was regarded by the authorities themselves as an engine of education. I think that was the exact term that was used by a Viceroy in days past. I do not know whether my Honourable friend considers that the mission of the Post Office in this matter has been completely fulfilled, so that he can go on putting on higher and higher duties on various articles of postal traffic regardless as to whether such traffic did suffer on that account or not.

The Honourable Sir Frank Noyce: I should like to point out to my Honourable friend that contrary to the anticipations of at least one Journalists' Association, from which I have received a telegram, we are not proposing to put up the rate on registered newspapers, and I would also

draw attention to the very heavy loss that the Posts and Telegraphs Department incurs in the matter of press telegrams. I do think my Department does its best as regards using the Posts and Telegraphs Department as a vehicle of education.

Mr. K. C. Neogy: I did not know that the Government were so partial to newspapers in these days, but I am glad to be assured that the cause of newspapers is so very dear to my Honourable friend's heart. But, I am sure, the Honourable Member will recognise that book-packets also do serve the purpose of education to a certain extent. The Honourable Member has not, so far as I remember, explained as to what additional income he expects from the proposed increase in the rates.

The Honourable Sir Frank Noyce: Five lakhs.

Mr. K. C. Neogy: And what is the amount of the loss that the Department is incurring on account of the abuse of the book-packet postage?

The Honourable Sir Frank Noyce: Five lakhs.

Mr. K. C. Neogy: When I look to the graphs that form part of the annual report of the Department, I do recognise that the number of packets that were carried during the year 1932-33 stands at a suspiciously high figure as compared particularly with postcards, letters and other articles of traffic.

The Honourable Sir Frank Noyce: I am glad that my Honourable friend has drawn my special attention to that fact as I had hoped to have an opportunity of doing later. I am much obliged to him for strengthening my argument in that way.

Mr. K. C. Neogy: The Honourable Member should not misunderstand my attitude. I am perfectly ready and willing to help the Government in the matter of tightening up our present rules in regard to the postal traffic, but the way he is seeking to do it does not commend itself to us. The Honourable Member should devise some means of checking the particular abuses to which he referred, for instance, where postcards are carried under the stamp of half an anna. All of us know that the visiting cards, for instance, are sometimes sent by members opposite to us under a postage of half an anna. I do not know whether that is in consonance with the rules of the Department. But what I say is: by all means devise some kind of a rule which would stop this kind of abuse, but do not put up the rate in the case of all articles of traffic weighing half a tola in regard to book-packets and similar things. The Honourable Member's assurance does go a great way in meeting the point of view of my Honourable friend, the Diwan Bahadur, but I should like to re-inforce his suggestion about an Advisory Committee in this connection. These are matters in which the advice of such a Committee would be very valuable, and I put it to my Honourable friend that it would be an advantage to him to consult even the Standing Committee which is attached to the Department of Industries and Labour before he gives effect to any scheme that may be finally approved by the postal authorities.

Mr. President (The Honourable Sir Shanmukham Chetty): If there is a general agreement to substitute that amendment, the Chair thinks the House can proceed with the new amendment.

Diwan Bahadur A. Ramaswami Mudaliar: I wish to withdraw my original amendment.

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

Diwan Bahadur A. Ramaswami Mudaliar: Sir, I beg to move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head '*Book, Pattern and Sample Packets*' the following be substituted:

'For the first five tolas or fraction thereof Nine pies,
For every additional five tolas or fraction thereof in excess
of five tolas Six pies.'

Sir, with regard to this new amendment, I only wish to say that the booksellers were generally under the misapprehension that this applied to every five tolas, but I know that the Honourable the Industries and Labour Member on Thursday last said something about the "initial" five tolas being alone charged at that rate and the subsequent five tolas being charged at the old rate. In the course of my speech, I also referred to that. In any case, if this is specifically provided in the Bill, I think that we could re-assure the traders generally and also the purchasers of books.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head '*Book, Pattern and Sample Packets*' the following be substituted:

'For the first five tolas or fraction thereof Nine pies.
For every additional five tolas or fraction thereof in excess
of five tolas Six pies.'

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, before you put this motion to the vote of the House, I wish to speak a few words. We on this side of the House are grateful to the Honourable Member in charge of Post Offices for making the promise to accept this amendment. I would, however, like to point out one aspect of the question to which reference has not been made. Mostly the books are purchased under the V. P. system. For the last two years, the Post Office has insisted on these book-packets being registered whenever they are sent out per value payable post. That means an additional charge of three annas is unnecessarily imposed upon the book-packet.

The Honourable Sir Frank Noyce: Is my Honourable friend referring to book-packets sent per value payable post?

Mr. K. P. Thampan: Yes. Students and others who buy books from booksellers generally indent on the value payable system. It is, therefore, a great handicap for the poor students. I would, therefore, request the Government to review the position, and try, if possible, to abolish this surcharge, as it were, on the value payable system.

There is another question which I wish to put before the House. If this amendment is adopted, all other amendments on the book-packets will lapse. But, before doing that, I would like to invite the attention of the House to my amendment No. 41. There I propose that the

minimum unit be reduced to 2½ tolas. My object is not altogether unselfish. We are told that the elections to the Assembly are coming on this year. The election manifestoes are generally sent under the book packets. On an average, each of us has got about 30,000 voters. If one manifesto is sent to all these 30,000 voters, it will be an additional cost of about Rs. 400. So, you can imagine, Sir, what will be the increase in the cost of elections if we have to send to our constituents three or four such manifestoes? I would, therefore, suggest that if Government cannot accept my suggestion to reduce the minimum unit to 2½ tolas for all packets, they will at least make election manifestoes a separate category and treat them on half an anna basis. These are days of great depression, and it is not fair that an additional tax should be imposed upon the Members of the Assembly. I, therefore, put forward that proposal for the consideration of the Government.

Mr. Sitakanta Mahapatra (Orissa Division: Non-Muhammadan): Sir, I believe many great British thinkers and also our great and good Government attribute terrorist activities as well as the non-co-operation movement in India to the imparting of English education to Indians. I do not say that there is no truth in it. Our rulers repent now that education amongst Indians is spreading rather too fast. So, nowadays all possible and probable steps are being taken to curb our educational activities. Those, who keep information about the slow and imperceptible changes that are being introduced in the educational policy in the country from the village school to the University, will agree with me in this. Imposition of this tax,—I mean increment in the rate of book-posts and book-packets,—is, I believe, one of those precious activities. A serious obstacle has been put on the way of spread of education. It is a millstone round the neck of our goddess of learning.

I congratulate and take my hat off to the Honourable the Finance Member or rather I should say the Honourable the Industries and Labour Member for his very clever measure. It is like a double-edged weapon. It will, I admit, replenish the depleted treasury and also it will effectively curb the spreading of knowledge amongst Indians. I can clearly visualise that when he goes back to his native land, he will be acclaimed as a great hero, almost as great as Lord Clive, for having put mother Saraswati in shackles, for having clogged the wheels of the chariot of education which unfortunately generates patriotic feelings and perhaps many other unpleasant items. It is all very good, and I personally have no objection to be taken back to the good old days when Adam wove and Eve span. But I do not understand how a highly cultured man like the Honourable Sir George Schuster could be party to such an outrageous measure. Does he not think that such a measure is a great crime, a crime against culture and civilisation, a crime against humanity and progress of society? It is almost a direct tax on knowledge, and by imposing such a tax at the most inopportune time, when India is suffering from the most terrible economic depression that she ever knew, when every educational institution is striving for bare existence, when every publishing concern and every press is undergoing loss, he is committing an outrage which has its parallel in modern history only in Czarist Russia or German Nazi. Sir, I have absolutely no doubt that howsoever outrageous the measure may be, it will be carried in this House as the Honourable the Finance Member has got the majority under his thumb. But that is nothing. The mighty Roman Empire also was once very powerful. What

[**Mr. Sitakanta Mahapatra.**]

I mean to say is that he shall have to explain for this before his God and conscience. Sir, we have got the general election in front of us. Many of us may have to take part in election contests. Those of us who have ever been through such ordeals know too well what large part book-posts play in elections, particularly in such huge constituencies as Members of this House have got. Imposition of this tax is a direct tax upon us. I fail to understand the psychology of the Government when they preach co-operation and ask people to take part in elections and enter legislative bodies instead of non-co-operating, and then when times seem favourable for the same, place a barrier over their election campaigns all on a sudden. Is it because Government want that only Rajas and Nawabs, bankers and merchants and rich people should come here, and none else? Anyway, I am sure, it is the intention of Government to exploit the next elections to their financial benefit.

I shall conclude by relating an anecdote. A certain Raja in our parts, as powerful in his own estate as the Finance Member is in India, in order to improve his income from the estate, went on imposing taxes on his tenants, taxes of many and various kinds. People paid those taxes. In this way he imposed 64 kinds of taxes in his estate. Even then people paid. He was very much amused and said "How foolish these people are!" Then he imposed his last and 65th tax called in my language *Ullu Kara*, which means a fool's tax. I do not know if this is the Finance Member's 65th tax or his last tax, but I know it for certain that this is his *Ullu Kara* or fool's tax, and he enjoyed a hearty laugh when he thought of imposing it.

Mr. M. Maswood Ahmad: Sir, I wholeheartedly support the amendment which has been moved. First, of all, this came in my mind and I also gave notice of this amendment. I could not understand when my Honourable friend said that amendment No. 42 was not an amendment which was practically the same as the one which has been moved just now. I want to satisfy my Honourable friend on this point, and I want to make only one observation. In amendment No. 42, I suggested:

"For every five tolas or fraction thereof exceeding five tolas . . . Six pies",

and to add this to the original proposal. So my amendment also says the same thing as has been proposed in the amendment suggested by my Honourable friend, Sir Frank Noyce. Perhaps my Honourable friend forgot that I suggested in my amendment that this portion should be added. However I leave it now.

The Honourable Sir Frank Noyce: I should like to apologise to my Honourable friend. He is perfectly right. His amendment is "for every five tolas or fraction thereof exceeding five tolas—six pies". He is quite right. I was wrong. I misunderstood the nature of his amendment and I am glad to find that it is exactly the same as the amendment moved by my Honourable friend, Diwan Bahadur Mudaliar.

Mr. M. Maswood Ahmad: Thank you for that. I leave that point. I now come to circular letters and I want to say that, according to the wording of this amendment, because the heading is "book, pattern and sample packets", circular letters do not come under books, nor under patterns, nor under sample packets. So I suggest that there must be a heading for circular letters. If the circular letters are put under this head, then they will have to charge nine pies.

Sir Hari Singh Gour: They are being treated as packets.

Mr. M. Maswood Ahmad: Here I do not find any special rates for packets. The heading is "book, pattern and sample packets". There is no mention made of ordinary packets, and so circular letters will be quite different. If my Honourable friend will see, he will find that the heading deals with sample packets, that is a particular kind of packet which is used only for the purpose of samples. These circular letters are neither books nor patterns, nor sample packets. So there must be a special rate for circular letters and the Government should not increase the rate for circular letters. I hope they will come forward and accept this suggestion that the heading "circular letters" be added in this. Otherwise, this will be meaningless. Really it will be very hard for all the public movements in this country. I do not say about Members of the Legislature, because there are only about 110 Members. This is nothing, and if they are taxed a bit more, it does not matter. Apart from the question of Members of this House, I submit that invitations for conferences meetings, Id greetings and other things are issued in the form of circular letters and they are at present charged six pies. Now, if these circular letters are to be charged at the rate of nine pies, not only the Members of the Legislature, but the entire public in the country will suffer and all movements of political organisations in this country will suffer to a great extent. The Department as well will suffer. So this question has to be considered by the Government, and even if the Government are not willing to propose any amendment at this stage, I hope they will consider this point and by executive order will make reduced rates of six pies for five tolas for circular letters also.

Khan Bahadur Haji Wajihuddin: They must be treated as printed matter.

Mr. M. Maswood Ahmad: Call it what you like, I have no objection. But you must include this printed matter in the heading, because I do not like that nine pies should be charged for these circular letters or printed matter or whatever you call them. There must be reduced rate for these.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head '*Book, Pattern and Sample Packets*' the following be substituted :

' For the first five tolas or fraction thereof	Nine pies.
For every additional five tolas or fraction thereof in excess of five tolas	Six pies' . "

The motion was adopted.

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

"That Schedule I, as amended, stand part of the Bill."

The motion was adopted.

Schedule I, as amended, was added to the Bill.

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

"That Schedule II stand part of the Bill."

Khan Bahadur Haji Wajihuddin: Sir I beg to move:

"That in Part IA of Schedule II to the Bill, for the words 'In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—' the following be substituted:

'In case of every individual, Hindu undivided family, registered or unregistered firm, company and other association of individuals.'"

Sir, I find no justification in imposing a higher rate of taxation in case of registered firms. I think registered firms are entitled to have facilities and advantages over unregistered firms, but here I find the reverse. The Partnership Act was passed only last year, and, under that Act, thousands of private firms have now been registered. Many out of them are owned by more than one person, but, having small capital are not in a position to bear this high rate of taxation. May I ask, Sir, whether the rate of taxation for registered firms has been increased by way of penalty for having themselves registered? If this is not the case, as I believe, then there should be no difference between each other and the scale of rate fixed for various figures of income for unregistered firms or individuals should also apply to the registered firms. May I ask my Honourable and esteemed friend, the Finance Member, to give relief, to a certain extent, at this critical juncture to those who do not come under the category of well-to-do people and who are very much helpless nowadays? My Honourable friend will be well advised to divert his attention somewhere else for more revenues and not to create further complications and increase the difficulties of traders in these difficult times.

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

"That in Part IA of Schedule II to the Bill, for the words 'In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—' the following be substituted:

'In case of every individual, Hindu undivided family, registered or unregistered firm, company and other association of individuals.'"

The Honourable Sir George Schuster (Finance Member): Sir, this is rather a technical matter. We have had amendments of this kind moved before. The effect of the proposed amendment would be to do away with the flat rate of income-tax which is now levied on companies and registered firms. I can only assume that my Honourable friend has really moved his amendment under a misapprehension. The object of imposing the maximum rate is merely to facilitate refunds. In these cases, the assessment is ultimately made on the total income of the individual shareholder or partner as the case may be; and, in the case of registered firms, in practice as far as possible the assessment is made direct on the partners. If all the partners in a firm put in personal returns and the total of their shares shown in the individual returns agrees with the total income of the firm shown in the firm's returns, we do, as a matter of fact, proceed to deal with the individual partners direct and only make a formal assessment on the firm. We must keep to our administrative practice in this matter, and, on these grounds, I must oppose the amendment.

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

"That in Part IA of Schedule II to the Bill, for the words 'In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—' the following be substituted:

'In case of every individual, Hindu undivided family, registered or unregistered firm, company and other association of individuals'."

The motion was negatived.

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

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

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| (1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000. | Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Six pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | Nine pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | One anna in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna and four pies in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and seven pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | One anna and eleven pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | Two annas and one pie in the rupee." |

Sir, in this motion I have reduced certain rates on certain income to a certain extent, and, at the same time, I have suggested that there should not be any tax on an income of less than Rs. 2,000. I want to explain the difficulties which at present are felt on account of having income-tax on an income of less than Rs. 2,000. Sir, at present people who have small business like *panwallas*, etc., have been taxed, and, further, the method in which they are taxed is also very objectionable. The main idea of income-tax was that those who earn a large income must pay something to Government, but those who earn less than Rs. 2,000 a year practically earn much less nowadays than their necessities. These men have at least four or six dependants on them whom they have to feed and provide for to some extent. If you divide this amount of money among all the dependants, the average will be about 100 or 200 rupees a year; and on this income they have to bear many other items of expenditure also. The way in which they are summarily taxed is another hardship to them. Though my Honourable friend has provided that, if they are not satisfied with the decision, they can produce their income papers, we can realise that these people in the street who earn this low amount are such as keep some small articles for sale—in Calcutta and other places even those who sell betel have been taxed under this system. It is very difficult for this class of people, many of whom are illiterate, to keep any records of their income. The amount they earn is so small that they cannot keep clerks to keep their registers which they can show to the Government. In these days of depression, when they are in a very difficult

[Mr. M. Maswood Ahmad.]

position and are not earning sufficiently, they have been taxed. Last year and in previous years, several attempts were made, but Government did not think over this question.

Others, regarding whom I have suggested these rates, are in a more difficult position today than they were in previous years. I have come to know of several cases in which the registers of men who submitted them to the Government have not been accepted. These men who earn low amounts do not maintain big registers in a particular way that may satisfy the authorities or that might be of much value in the Courts. The trouble is that, in the absence of any good register, they are taxed on the basis of previous assessment, and the result is that they are taxed at present on the basis of their previous assessment while their incomes have gone down to 50 per cent or 70 per cent in some cases. So for these classes of people getting very little as profit, the present rates of income-tax are very troublesome, and I suggest the time has come when they must consider this question and they must exempt this class of people whose annual income is less than Rs. 2,000, and they must reduce their rates for those as well whose income, although above Rs. 2,000 a year, is still not sufficient enough. With these words, I move my amendment.

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

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted :

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| (1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000. | Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Six pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | Nine pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | One anna in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna and four pies in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and seven pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | One anna and eleven pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards . | Two annas and one pie in the rupee'." |

The Honourable Sir George Schuster: Sir, my Honourable friend has devoted most of his speech to that portion of his amendment which would remove incomes below Rs. 2,000 a year from liability to income-tax. But he has also in his amendment proposed very substantial changes in the rates on the higher levels of income. The total loss involved in my Honourable friend's proposals would be Rs. 3,12 lakhs, about Rs. 2,87 lakhs being accounted for by the reductions in the rates on the higher incomes, and Rs. 75 lakhs by the exemption of incomes below Rs. 2,000. It is quite obvious that we cannot stand a loss of this kind, and even if we were in a mood or in a position to be generous to this extent, I would

strongly argue that this is not the kind of reduction which we should choose first. On all grounds I must oppose my Honourable friend's amendment.

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

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

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| (1) When the total income is Rs. 2,000 or upwards, but less than Rs. 5,000. | is | Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | is less | Six pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | is | Nine pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | is less | One anna in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | is | One anna and four pies in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | is | One anna and seven pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | is | One anna and eleven pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | | Two annas and one pie in the rupee'." |

The motion was negatived.

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

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

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| (1) When the total income is Rs. 2,000 or upwards, but less than Rs. 5,000. | is | Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | is less | Five pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | is | Six pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | is less | Nine pies in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | is | One anna in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | is | One anna and three pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | is | One anna and six pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | | Two annas in the rupee'." |

The House will see that I have done away with the first two items of taxation under the income-tax schedule, *viz.*, incomes over Rs. 1,000 and below Rs. 1,500, and incomes over Rs. 1,500 and below Rs. 2,000. I need hardly point out that people with such a small income as Rs. 1,000, or Rs. 1,500 or even Rs. 2,000 of all men need relief from income-tax.

[Mr. Amar Nath Dutt.]

Then, again, the rates which I have placed against the other items are a little low, but are on a more equitably graded scale than the ones provided in the Finance Member's Bill.

Sir, I may be permitted to observe that in olden times the Kings were known as *Shashthansha Bhag*, that is to say, a person who shares one sixth of the produce of the land,—in other words, that was the revenue. Gradually, with the improvement in the administrative machinery, besides revenue, several other taxes have been put on the people of this country. For instance, in the year 1793, when Lord Cornwallis introduced the permanent settlement in Bengal it was solemnly promised that there would be no further imposition on the people. Sir, why was the revenue collected in those good old days? It was collected for maintaining roads, for maintaining *sarais*, hospitals, for looking after education, administration of justice, and so forth; but, now, Sir, we have to pay for every one of these items separately. For instance, in Bengal, we have to pay an education cess. Even in regard to public works like roads, we have to pay a road cess, and so on, and this cess was introduced in spite of the solemn promises that no further tax or cess would be imposed on the people. But when the Duke of Argyle pointed out that it was a mistake to impose this road cess and that no further imposition on land can be made, somehow public opinion was conciliated and this cess was allowed, but, in addition to that, we have got another Act in Bengal,—which is called the Village Self-Government Act,—I do not know if such an Act exists in other Provinces,—and by this Act a tax is imposed for roads; medical relief, and so on. Therefore, imposition after imposition of taxes has been the order of the day, and one does not know why the land revenue is collected by Government if every item of convenience that is afforded to the people is to be taxed. For example, take the administration of justice, one cannot get justice from a British Court without paying a price for it. It is certainly a very dreadful thing. A poor man may not have money to pay Court-fees, and so he will be deprived of his property and he won't get justice. That was not the case in olden days . . .

An Honourable Member: Pauper suits.

Mr. Amar Nath Dutt: I think my Honourable friend has sufficient experience at the bar to know how many pauper suits are allowed in Courts and how loath our Judges are to allow pauper suits, because upon the levy of the Court-fees depends their very existence.

Now, I submit assessment of land revenue is the only tax that should remain, and there should be no other kind of tax by saying that a certain tax is meant for education, a certain tax is meant for medical relief, and so on. I do not know for what kind of relief this income-tax is imposed, unless it be to save us from invading armies.

An Honourable Member: It is to relieve your income.

Mr. Amar Nath Dutt: If that is a relief, then I think my Honourable friend may be relieved of that; but, for our part, we do not want such luxuries as to be relieved of the little income that we get. Government, I submit, in these days have become, instead of *Shashthansha Bhag*, *Samagrah Bhag*, that is to say, they take everything, and if one looks into the matter closely, he will find that a person, who fortunately or unfortunately happens to have an income of six or seven lakhs, has to pay very nearly half of his income to the Government in the name of income-tax.

This is a state of affairs of which any one would be ashamed. I know zemindars are victimised by telling them that no *Abwab* should be collected, and what is the percentage? It may be an anna or half an anna per rupee. But, Sir, here is an *Abwab* of the Government of India. I cannot give a better appellation to income-tax than the word *Abwab*. *Abwab* is a term known to all students of the Bengal Tenancy Act. Sir, I submit, there should be some law which can put restrictions on *Abwabs* upon the honest income of honest individuals.

Then, again, Sir, I do not know if it has occurred to the officers of the Finance Department that poor widows are put to considerable difficulties. Poor widows, who happen to possess a few thousand rupees worth of Government promissory notes, are charged income-tax at the source. For instance, if a widow happens to have, say, Rs. 5,000 or Rs. 10,000 worth of Government promissory notes, the Income-tax Officer takes away more than Rs. 0-2-6 in the rupee, and the poor widow is taxed at the source. Of course, there are ways by which they can get a refund, but it is a very cumbersome process to get refund from the income-tax authorities. If a widow gets an income of, say, Rs. 200 a year, or, say, Rs. 100 every six months, more than Rs. 15 is taken away out of this sum by the over-zealous income-tax Officers who are the subordinates of Government and whose promotions depend upon the amount of income-tax collected by them. Of course, as I have said, several methods have been devised to get exemptions, but looking to the enormous trouble that the assesses are put to, many people do not care to apply for refunds. That being the case, if income-tax has to be levied, it must be levied in more equitable considerations than merely with a view to filling the coffers of the Government which do not know how to retrench and how to spend, because they want to spend as much as they like and nobody can put restrictions on their spending propensities. That being the position, I trust, Sir, that my Honourable friends will give their full support to this amendment.

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

"That for all the entries in Part IA of Schedule II to the Bill the following be substituted:

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|---|--|
| (1) When the total income is Rs. 2,000 or upwards, but less than Rs. 5,000. | is Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but less than Rs. 10,000. | is less Five pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but less than Rs. 15,000. | is Six pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but less than Rs. 20,000. | is less Nine pies in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but less than Rs. 30,000. | is One anna in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but less than Rs. 40,000. | is One anna and three pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but less than Rs. 1,00,000. | is One anna and six pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | is Two annas in the rupee." |

The Honourable Sir George Schuster: Sir, I really am surprised at my Honourable friend who generally appears before us as the supporter and protector of the poor man, but now he has tried to excite our sympathy for the man with an income of six or seven lakhs a year. His amendment is particularly kind to certain classes, for example; gentlemen with an income of Rs. 10,000 or Rs. 15,000 a year will find their income-tax halved. Those with an income of Rs. 40,000 to one lakh a year would find their income-tax reduced by about 30 per cent, and even those with an income over a lakh would get a substantial reduction according to my Honourable friend's amendment. I must oppose this amendment which would involve for us a loss of Rs. 4½ crores.

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

* That for all the entries in Part IA of Schedule II to the Bill the following be substituted :

- | | |
|--|---------------------------------------|
| (1) When the total income is Rs. 2,000 or upwards, but less than Rs. 5,000. | is Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Five pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | Six pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | Nine pies in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and three pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | One anna and six pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | Two annas in the rupee'." |

The motion was negatived.

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

"That in Part IA of Schedule II to the Bill entries (1) and (2) be omitted and the subsequent entries be re-numbered accordingly."

My Honourable friend, the Finance Member, said that the previous amendment helped the richer classes and not the poorer classes, and he went further and said that the proposal would involve a loss of over three crores of rupees. I hope that my present amendment will be more acceptable to him. The first two entries relate to incomes between Rs. 1,000 and Rs. 2,000. I do not want to repeat my arguments, but I may say that the people sought to be taxed to income under these two entries are the very people who pay a heavy burden of taxation to Government in other ways. The imported article that they sell is not free of duty. When they import anything for their necessities, they have to pay for that to the Government, they pay to the Government in regard to what they use at home, and in so many other ways also they pay taxes to Government to the extent of 25 to 50 per cent,—both to the Central Government and the Local Governments.

Therefore, I submit that these people must be exempted from income-tax. Income-tax should be levied from those people who have such a large amount of money that they cannot spend. But an income of Rs. 2,000 a year is only sufficient for livelihood, and so Government must have some sympathy for such people. These people cannot engage clerks and keep registers in particular ways. Moreover, this taxation was imposed on these people as an emergency measure. At that time the Government imposed a cut of 10 per cent in the salaries of their employees, and, therefore, they proposed taxation on a person whose income was only Rs. 2,000. But when Government have reduced the cut to five per cent, that is, they have given relief to the extent of 50 per cent to their own servants, the Government must give equal relief to the poorer classes of people. There should not be any differentiation between the Government servants and other people, and relief should be given to both equally on a universal basis. Sir, I move.

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

"That in Part IA of Schedule II to the Bill entries (1) and (2) be omitted and the subsequent entries be re-numbered accordingly."

The Honourable Sir George Schuster: This is an old controversy which was fully fought out last year and the year before. My Honourable friend's amendment would mean a loss of about Rs. 75 lakhs. We feel that this taxation, a very moderate levy on these low incomes, is absolutely justified, and I do not wish to go over again in this House into the arguments that I used last year in defence of this particular feature of our taxation system. I would only put it to the House again that, with the present low level of prices, a cash income of Rs. 1,500 or Rs. 2,000 represents very much more than it did four or five years ago, and that in relation to those whose income is derived from agriculture the small trader gets off very lightly. Sir, on financial grounds and on the merits, I oppose this amendment.

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

"That in Part IA of Schedule II to the Bill entries (1) and (2) be omitted and the subsequent entries be re-numbered accordingly."

The motion was negatived.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadian Rural): I beg to move:

"That in Part IA of Schedule II to the Bill, entry (1) be omitted and the subsequent entries be re-numbered accordingly."

That means that I wish this House to omit the first line and not to tax those persons who are having an income between Rs. 1,000 and Rs. 1,500. Though their income is taxed at two pies per rupee, the revenue from that, according to the figures of 1931-32, is about Rs. 9½ lakhs. Assessee's number over 77,000, the exact expenditure is not known, but in answer to a question which I put about it on the 26th September, 1932, the total amount of extra expenditure incurred on assessee's below Rs. 2,000 was about Rs. 2½ lakhs. I take it that half of that would be spent on those getting incomes between Rs. 1,000 and Rs. 1,500. Therefore, the expenditure on that account I can put down at Rs. 1¼ lakhs. So, the loss on the item will be about Rs. eight lakhs. When the income of the Government from the

[Mr. A. Das.]

income-tax is several hundred lakhs, I think the Finance Member can well afford to give relief to the very poorest and let go about Rs. 8½ lakhs.

There are several points in connection with this which I want to bring to the notice of this Honourable House, both in regard to the nature of the taxation and the method of taxation. As you will see in the Bill, in Part III it is mentioned that the income-tax officer should make a summary assessment of the income of an assessee to the best of his judgment and then leave it to the assessee to file an objection. This leaves a very great loophole on the part of the income-tax Officer to assess even those whose income is below one thousand. This is an inducement which it is difficult even for an honest man to resist. The difficulty is enhanced further from the fact that those whose income is between Rs. 1,000 and Rs. 1,500 hardly keep any account, and so they cannot challenge any assessment or any estimate which may have been made by the Income-tax Officer.

The Honourable Sir George Schuster: I do not want to lengthen the proceedings, but I think my Honourable friend is misleading the House. The House, I think, is well aware that the summary assessment is only applied at the option of the assessee. My Honourable friend is suggesting that a summary assessment can be made and then the assessee can appeal against it. It cannot be made at all unless the assessee elects to have it made.

Mr. A. Das: As I read page 4 of the Bill, the Income-tax Officer may, save when he has served a notice under sub-section (2), make a summary assessment of the income of an assessee to the best of his judgment. He serves a notice and if the assessee does not come forward, the officer has to make a summary assessment. The difficulty of showing that his income is below Rs. 1,000 and not between Rs. 1,000 and Rs. 1,500 is very great. What is to happen if the assessee says that his income is below Rs. 1,000 and the Income-tax Officer says that it is about Rs. 1,100 or Rs. 1,200? The Income-tax Officer has got the law on his side. His mere statement is sufficient, and whatever the assessee says will not be believed unless he has got account books to prove to the satisfaction of the Income-tax Officer that his income is below Rs. 1,000. Then there is another point. In assessing to income-tax all higher incomes, there is always an allowance for expenditure which is in the nature of a business expenditure. In the case of assesseees, whose income is between Rs. 1,000 and Rs. 1,500, there is hardly any business expenditure except their own labour and no reduction would be allowed in the case of their own labour. Supposing there were a number of clerks engaged, there would be a corresponding reduction from the business point of view on account of business expenditure, but if the man carries on his own business, I do not think, under the present rules,—I am speaking subject to correction,—any reduction would be allowed.

These are two great hardships which, I submit, exist in the case of those persons whose income is assessed between Rs. 1,000 and Rs. 1,500. One is the absence of account books and the other is non-allowance for business expenditure. The third thing is this. It is true that the price of foodstuffs has gone down, but expenditure in other directions has not decreased, for instance,—the expenditure on education of the children, medicine and house rent. All these remain the same, and, especially when you tax the lowest rung of the ladder, that is, men who have an income of about Rs. 85 a month, it means there is hardly any margin left for them to pay income-tax after

they have met their ordinary expenses in life. Merely the reduction in the price of foodstuffs would not reduce their expenditure to any material degree, because the expenditure on foodstuffs is hardly 10 or 15 per cent.

The last point which I want to submit in this connection is the temptation to rope in even those whose income is below Rs. 1,000 as evidenced by the fact that in reply to a question which I put last year I was told that there were as many as 25,000 appeals of which over 40 per cent were successful. I know that a rider has been added that this does not show that the Department is not working efficiently for it was stated that even an appeal which made an alteration in respect of even one pice is included in it, I submit that even then that does show an abnormal state of affairs, when 25,000 appeals are made, in over 40 per cent of cases in which the assessment is varied. On these grounds, I submit that if the financial reasons would permit the Finance Member, he would be pleased to see that these incomes between Rs. 1,000 and Rs. 1,500 are not assessed. If they are assessed, then certain departmental rules should be made, so that every care is taken in the assessment of these incomes; and, lastly, I would appeal that if no relief is possible this year, I hope he would be able to see that next year, if any relief is granted to the assesseees about income-tax, this will be the class of persons who deserve the first consideration. With these words, I move my amendment.

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

"That in Part IA of Schedule II to the Bill, entry (1) be omitted and the subsequent entries be re-numbered accordingly."

Mr. M. Maswood Ahmad: I wholeheartedly support the motion moved by my Honourable friend. There is no need to support this amendment with a long speech. I wanted to support this in order to show to Government that this is not the desire of individual Members only, but that the whole House is in sympathy with these amendments. If we make a smaller number of speeches, it does not mean that a greater number of Members are not interested in the matter. The reason is that we have to finish this Bill today and for that reason we do not make long speeches. With these words, explaining our position, I wholeheartedly support the amendment of my Honourable friend, Mr. A. Das.

Mr. Sitakanta Mahapatra: I also gave notice of a similar amendment. Every one of us is so well aware of the implications of this amendment that it is needless for me to inflict a speech on the House. It is purely a poor man's burden. I wholeheartedly support the amendment.

Khan Bahadur Haji Wajihuddin: I rise to support the amendment of my friend, Mr. A. Das. The present depression has affected every class of people in the country. The persons most affected are those whose incomes are between Rs. 1,000 and Rs. 1,500 and they are small shopkeepers. These people have to maintain a large family and a number of relatives who are unable to find employment, and the burden of indirect taxation which falls on this class is most acutely felt. Any remission to this class will be a great relief. Sir, this class are not generally educated, nor can they afford to meet the expenses; and in these hard days many of them are the worst victims of the general depression all around the country. Of course in the absence of their having proper

1 P.M.

[Khan Bahadur Haji Wajihuddin.]

accounts of income, the Income-tax Officer may feel justified in making such estimate of the income as he likes of the assessee. But this class of people is subjected to very great hardship and are really in a helpless position, and something should be done in their case. With these words, I support the motion.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, this is a very hard case indeed. It may be called a sort of privileged robbery—this taxing of a person who has got a mere income of a thousand rupees to fifteen hundred rupees a year. Sir, people all over the country are nowadays suffering in various ways. In some places they have got the ravages of the earthquake, in some other places there is a very severe depression, in other places there are famines, in some other places there are floods and such like scourges from the heavens. In these days, we should realise how difficult it is to earn one's livelihood. Everywhere we find there is unemployment, and poor people everywhere are trying their level best to get something either by manual labour or by sitting in the streets and hawking goods. Now, such a very low income as a thousand rupees a year is being taxed by the present Government.

Sir, the way in which the Income-tax Department have been seeking to tax these people has been described by several of the Members here. Now, we find that these people who are alleged to possess an income of a thousand rupees a year have no accounts themselves, and the result is that the moment they receive their notices of assessment from the Income-tax Officer, they have to rush to other people, as they are mostly illiterate, for enlisting their help. The result is that it is not only the Government that are taxing them, but those literate people to whom they go for help also try to fleece these poor people. If it were the case that people who have got an income of a thousand rupees were capable of keeping ledgers and account books and engaging some clerks, then the Government might justifiably have asked them to subscribe their mite towards the Government relief fund, but, Sir, this is indeed a very hard case that such people, who are trying their best to eke out a bare existence somehow or other, should thus be sought to be taxed. Sir, it may be quite justified if you seek to tax such incomes which are running incomes; you may have super-tax, you may have any kind of taxes you like in other cases of high and stable incomes, but to tax a man who earns by some hook or by some crook just a bare thousand rupees a year is really very hard.

Mr. N. M. Joshi: The tax on matches?

Mr. Muhammad Azhar Ali: If the tax on matches even goes beyond one's means and beyond the necessity of affording protection to the match industry, well, I will be the first person to oppose it, but what we are concerned here with is generally the income of the middle classes, and we know the condition of the middle classes in this country.

Sir, I do not want to inflict any long speech on this subject. If the Government consider that a man who earns a thousand rupees a year should be classed among those people who are considered to be flourishing

and in a fit condition to pay an income-tax, I regret we cannot possibly agree. Sir, with these words, I support the motion.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Mr. President, I fail to understand why the town or urban interests get so much sympathy in this House, representing as it does a country—mainly rural. I must point out that in these abnormal times when the peasants do not get even two meals a day, they have to pay their contribution to the taxation of the Government of the country by way of the land revenue tax.

An Honourable Member: Do not they get remissions?

Sirdar Harbans Singh Brar: Sir, when they do not even get any income from their lands, the tax is there, because the Government must be kept on going. And these people who live and work under fans and are seated in comfortable cushions and chairs, if they get as much income as one thousand rupees a year or more, why, I ask, should they be afraid of paying a little contribution to the exchequer? Surely they are much better off than people working from morning till sunset in the fields in the hot burning sun all the year round. Now, when those people are made to pay their quota to the revenues of the Government, why should not the rich people, who are comparatively in much better circumstances, who are comparatively in the enjoyment of many more necessities of life and of a convenient and comfortable way of living, why should they grudge paying a small amount by way of their contribution to the revenues of the country so that the Government may be able to balance their expenditure? But every year we find that these urban people manage to get so much sympathy and support out of the other people who represent the masses. Now, when such people do possess an income of a thousand a year or more, and in other cases several thousands or even lakhs and enjoy comfortable and settled modes of earning incomes and who can afford to part with a small portion of that income in the interest of the general tax-payer, I ask, why should they escape? I, therefore, oppose this amendment and support the provisions of the Finance Bill.

Mr. S. O. Sen (Bengal National Chamber of Commerce: Indian Commerce): Sir, I was surprised to hear the speech delivered by the last speaker. He said that the agriculturists pay a revenue to Government, and why should other people who work in shops and other places and earn small incomes should be exempted? Sir, my friend does not belong to the agriculturist class at all, he is a landlord and, as such, fleeces his tenants for his own living. He is a collector of revenues from the agriculturists, but the income he derives is not subject to taxation under the Income-tax Act, and I wish to know why such incomes should not in future be taxed. (Hear, hear.) Sir, there are people in this House who are crying against a small income being exempt from income-tax, but they forget that the large income which the landlords get as collector of taxes from the tenants is exempt from income-tax,—and such income often extends to lakhs and lakhs of rupees, and if Government would only tax such incomes, very likely the burden on the poor people of this country, namely, that falling on the small traders and others could be freely taken off and the men concerned exempted.

[Mr. S. C. Sen.]

Sir, I also support the motion of my friend, Mr. Das, not on the ground suggested by him, but because of the hardship which these poor people have to undergo by reason of the method of the assessment proposed in the Act. I have my own experience about this matter. In Calcutta, demand is made for income-tax from those shopkeepers whose bare income is of Rs. 50 a month. The procedure says that the Income-tax Officer shall make an assessment according to his own judgment. How is that judgment to be formed? Nothing is said about it. He is not bound to go to the shopkeeper and find out what his income is. He makes no such inquiry, but only sits in his office room and makes some sort of inquiry. He makes no calculation. He only makes a declaration and sends out a notice calling for a certain amount of money. If the poor man, from whom the demand of income-tax is made, has the temerity to go before the Income-tax Officer and says that such and such amount is big, he is asked to go to a pleader and file a protest or objection against the taxation. He is also at the same time threatened that any such protest or appeal would be decided by the Income-tax Officer himself, and probably on his income the tax would be enhanced. I know that serious complaints have been made about this matter. Of course, these matters do not come before the Honourable the Finance Member, nor do they go before the Members of the Central Board of Revenue. I wish that some sort of inquiry should be made about the grievances of these people in order to find out whether there is any truth in the allegations which have been made in this House.

Mr. Amar Nath Dutt: Sir, it would not have been necessary for me to rise to support this amendment, because I know that this side of the House is almost unanimous except a very few Members like my Honourable friend, Mr. Joshi (*A Voice*: "No, no"), who is crying out "No, no". But I beg to submit that the remarks of Sirdar Harbans Singh have provoked Mr. Sen from Bengal to make observations which probably in his cooler moments he would not have liked to make with the knowledge of the revenue laws of his own Province. He has been pleased to say why should the agricultural income be exempt from assessment. I know that is the burden of the song of those who do not possess either landed property or agricultural lands. I beg to submit that they forget that they are the men who had been bearing the burden of the cost of administration from time immemorial. Some people, who live in towns and cities, derive an income without being the owners of villages or agricultural lands, and they do not pay anything for the cost of the administration and enjoy all the amenities of life. As we are living under a civilised administration, there may be some justification for this income-tax, but I fail to see how people, with an income of Rs. 100 or Rs. 125 per month, may have cushioned chairs and electric fans over their head.

• **Mr. A. Das:** It comes to Rs. 85 only.

Mr. Amar Nath Dutt: My friend has been pleased to say that these people sit on cushioned chairs and have electric fans over their head. Will he find out a single individual with an income like this who can afford to pay for the electric bills of his *punkah*. Surely, he will not be

able to do so. So, 'I think this sort of outrageous remark provoked my friend, who is otherwise sober, to make such remarks about the agriculturist. Sir, I support the amendment, and I also appeal to the Government to see that these poorer class of people are exempt from this income-tax.

The Honourable Sir George Schuster: My Honourable friend who moved this amendment was inaccurate in the estimated loss of revenue which he gave. The actual figure of the income-tax for the year 1932-33 on incomes from Rs. 1,000 to Rs. 1,500 was 41 lakhs. That was when the rate was four pies in the rupee. This House voted last year that the rate should be reduced to two pies in the rupee, which is the present rate. Therefore, if my Honourable friend's amendment is passed, the loss would be something like Rs. 21 lakhs. The point which I have to put to the House is that a tax which represents only a shade over one per cent. on incomes of this kind is a very small burden, and that, at a time when every class in the country has to contribute to maintaining the common expenditure according to its means, this particular class would be unreasonably favourably treated if they did not pay some small contribution in the form of direct taxation. We have had the comparative burdens of taxation dealt with by one or two speakers in this debate, and I do put it to the House that the class of the small trader, who is in receipt of an income of from Rs. 1,000 to Rs. 1,500 a year, is very lightly treated in comparison with those who work on the land and who are subject to fixed and unavoidable burdens. Therefore, on the ground of equity, as also on the ground of financial necessity, I must oppose this amendment.

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

"That in Part IA of Schedule II to the Bill, entry (1) be omitted and the subsequent entries be re-numbered accordingly."

The Assembly divided:

AYES—37.

Abdul Matin Chaudhury, Mr.
Abdur Rahim, Sir.
Aggarwal, Mr. Jagan Nath.
Azhar Ali, Mr. Muhammad.
Bagla, Lala Rameshwar Prasad.
Bhuput Singh, Mr.
Das, Mr. A.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.
Ismail Khan, Haji Chaudhury
Muhammad.
Ira, Chaudhri.
Jadhav, Mr. B. V.
Jog, Mr. S. G.
Krishnamachariar, Raja Bahadur G.
Lahiri Chaudhury, Mr. D. K.
Liladhar Chaudhury, Seth.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.

Mody, Mr. H. P.
Mudaliar, Diwan Bahadur A.
Ramaswami.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Ranga Iyer Mr. C. S.
Rastogi, Mr. Badri Lal.
Sant Singh, Sardar.
Sen, Mr. S. C.
Sen, Pandit Satyendra Nath.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Thampian, Mr. K. P.
Uppl Saheb Bahadur, Mr.
Wahuddin, Khan Bahadur Haji.
Ziauddin Ahmad, Dr.

NOES-50.

Abdul Aziz, Khan Bahadur Mian.
 Ahmad Nawas Khan, Major Nawab.
 Allah Baksh Khan Tiwana, Khan
 Bahadur Malik.
 Anklesaria, Mr. N. N.
 Anwar-ul-Azim, Mr. Muhammad.
 Bajpai, Mr. G. S.
 Bhole, The Honourable Sir Joseph.
 Chatarji, Mr. J. M.
 Cox, Mr. A. B.
 Dalal, Dr. R. D.
 Darwin, Mr. J. H.
 DeSouza, Dr. F. X.
 Dillon, Mr. W.
 Fazal Haq Piracha, Khan Sahib
 Shaikh.
 Graham, Sir Lancelot.
 Grantham, Mr. S. G.
 Haig, The Honourable Sir Harry.
 Harbans Singh Brar, Sirdar.
 Hardy, Mr. G. S.
 Hezlett, Mr. J.
 Hockenbuhl, Mr. F. W.
 Hudson, Sir Leslie.
 Ibrahim Ali Khan, Lieut. Nawab
 Muhammad.
 Irwin, Mr. C. J.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur
 Sardar Sir.

Joshi, Mr. N. M.
 Lai Chand Hony. Captain Rao
 Bahadur Chaudhri.
 Lindsay, Sir Darcy.
 Macmillan, Mr. A. M.
 Metcalfe, Mr. H. A. F.
 Mitter, The Honourable Sir Brojendra.
 Morgan, Mr. G.
 Mukharji, Mr. D. N.
 Mukherjee, Rai Bahadur S. C.
 Nihal Singh, Sardar.
 Noyce, The Honourable Sir Frank.
 O'Sullivan, Mr. D. N.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Ramakrishna, Mr. V.
 Rau, Mr. P. R.
 Row, Mr. K. Sanjiva.
 Schuster, The Honourable Sir George.
 Scott, Mr. J. Ramsay.
 Sher Muhammad Khan Gakhar,
 Captain.
 Singh, Mr. Pradyumna Prashad.
 Sloan, Mr. T.
 Talib Mehdi Khan, Nawab Major
 Malik.
 Tottenham, Mr. G. R. F.
 Varma, Mr. S. P.

The motion was negatived.

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

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

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

"That Schedule II stand part of the Bill."

The motion was adopted.

Schedule II was added to the Bill.

Clause 4 was added to the Bill.

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

"That clause 5 stand part of the Bill."

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

"That in sub-clause (7) of clause 5 of the Bill, the words 'increased in each case,
 except in the case of total incomes of less than two thousand rupees, by one-fourth
 of the amount of the rate' be omitted."

If that is omitted, the clause will read thus:

"Income-tax for the year beginning on the 1st day of April, 1934, shall be charged at the rates specified in Part I of the Second Schedule."

The portion which I want to have deleted increases the tax in each case except the first two items by one-fourth. I beg to submit that if it was the intention of Government to have taxes at that rate, they might have incorporated it at once here. But this is a very clumsy procedure which is being adopted only for the last few years in order to have a surcharge. Looking to the genesis of this addition, we find that probably it was not the intention to continue this surcharge for a long time, so that the income-tax rates as given in the Schedule may continue for some time, but that this surcharge may be taken away after a year or so. But that has not been the case. I beg to submit that if it was the intention of Government to perpetuate this rate, they might have at once embodied it in the Schedule itself. It is a most clumsy procedure which can be tolerated only when there is relief in sight. But when we see that there is no relief in sight of us, what is the use of having an eye-wash as if the income-tax rates are like this? But there is this section which increases it by one-fourth. I beg to submit that we are already tired of the income-tax rates that are being attempted to be imposed by the passing of Schedule II, and again to impose a surcharge of one-fourth more is not only excessive, but, I may say, almost tyrannical. Whatever may be the loss of Government on this, I think the loss will not be large and so they should see their way to omit this portion of the section.

Sir, I move:

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

"That in sub-clause (1) of clause 5 of the Bill, the words 'increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted."

The Honourable Sir George Schuster: Sir, I am not sure whether my Honourable friend's objection is to the form or to the substance of the surcharge. But in any case I am afraid I must oppose his amendment which would involve a loss to us of two crores and 70 lakhs.

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

"That in sub-clause (1) of clause 5 of the Bill, the words 'increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted."

The motion was negatived.

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

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clauses 6 and 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir George Schuster: Sir, I beg to move:

"That the Bill, as amended, be passed."

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

"That the Bill, as amended, be passed."

Mr. B. Sitaramaraja (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, if I rise to speak at this stage, it is not with the hope that what I may say will enable me to arrest the further relentless progress of this Car of Juggernaut. I could have cried with some of my friends "*Sitaram ki Jai*", but my conscience rebels against accepting the proposals which we two years ago rejected, even when it was said that they were an expedient to meet an emergent situation, now becoming standardised in the present proposals, with, of course, a few additions like the excise on sugar and matches which, as Honourable Members are aware, are coming in for separate discussion under separate Bills. Whether the smooth passage of this Bill is due to the belated discovery on our part of the merits of the taxation policy of Government or due to our increasingly weakened resistance, I do not venture to answer. The country has done that. Sir, the one privilege that we have on a Bill of this nature is to review the whole administration of the Government of India. To a certain extent we have taken advantage of it in the limited time allowed for that purpose, but what was the result? The result was a discourse on the ethics of law and order by the Honourable the Home Member and a sermon by the Finance Member on the ways and means—not of maintaining the financial equilibrium of the country, mark you, but—of how best we on this side of the House could employ our time. I am sure we all feel grateful for that advice of the Honourable the Finance Member. The pleasure is heightened, because it was not solicited, and I venture to submit that we, some of us at any rate, however dispirited and degenerated we are, lay some importance on the privileges we have been permitted to have under the Constitution. To ventilate grievances, criticise the Government, refuse its supplies before such grievances are redressed are not only legitimate, but the fundamental rights of the Legislature under a Finance Bill. This is the one occasion when that can be done, at any rate to our satisfaction. We desire to utilise the time allotted to us to the best of our ability in the manner best suited for our purpose. It may be that we could have utilised that time in the direction of the more important of our grievances, but all that is our own concern. We are not in the dock: it is the Government who ought to feel that they are in the dock under the Finance Bill: they cannot feel that they are in the pulpit, unless we remember in the words of Emerson and say that the preachers of yesterday are the subjects of today's sermon. Grievances and supplies are the two subjects which we are entitled to discuss, and I propose to discuss them both. Grievances arising out of the financial and the administrative policy of the Government are many. The financial and the administrative policy of the Government reminds me of the words of General O'Duffy when he said of his own Government:

"If the Government were to go on as it has been going, one-third of the people of this country would be in jail, one-third in the lunatic asylums, and one-third in the poor houses."

I have always maintained that Ireland holds a parallel to India

Captain Sher Muhammad Khan Gakhar (Nominated Non-Official): Where will the Honourable Member go? (Laughter.)

Mr. S. C. Mitra: He will go to the poor house and you to the lunatic asylum. (Renewed Laughter.)

Mr. B. Sitaramaraju: My friend, Mr. Mitra, has answered the Honourable gentleman.

To enumerate the grievances under both the heads will be to keep this House till next week. I can simplify that process by following the example of the Finance Member and inviting the Honourable Members on the Government Benches to read the speeches of the Non-Official Members of the old Imperial Legislative Council and the present Legislative Assembly from 1921 onwards. But even that is setting a herculean task for the Government. However long my list, I forbear to discuss most of them.

The most important of my grievances is that the Government have not created that necessary and peaceful atmosphere absolutely essential for the inauguration of any Constitution they may give. In the name of law and order, the Government have been pursuing a policy of unparalleled repression. We desire very much, whatever Constitution we may get, to say that unless the atmosphere is prepared for that purpose, with all your repressive measures your Constitution will be no good to us. The Constitution may give us perhaps a wider franchise, may give more appointments to Indians, but that will not exalt the nation. The Constitution may enable us to meet a few necessities, but that will not call forth the enterprise of the country. The errors of the past may be repaired, but the hopes of the future will not be fulfilled. We may be told that we may be free under the new Constitution, but according to the latest reports you are not giving us the character of freemen—our spirits to dare and our energies to act. So long as we are dependent upon another people, we cannot build either our finances or our country. To do so we must be strong. To be strong we must be self-reliant, self-ruled and self-sustained. Our dependence exempts us from our just duties and responsibilities. Peace you may give us by your repression, for peace and slavery are after all compatible; but that will not enable us to accumulate wealth or win even a character. Your driving all political activities underground is to deny them the merits of an enlightened administration. We will not be honest men if we did not bring home to you the dangers that may be ahead of you and through your short-sighted policies the dangers that may be ahead of us also. The Honourable the Home Member asks us why they should single out Bengal and Bengal alone for this treatment. He asked "Was patriotism the monopoly of Bengal alone?" No: he was perfectly right there. But may I ask whether political murder is characteristic of that Province? If he wants to know the real cause for the miseries of that unfortunate Province, the history of repression, since the days of the Partition of Bengal, will enable the Honourable the Home Member to be put on the right track. Nobody denies, none can ever deny the right of a Government to rule. But the rule must be a rule of law in which people can have both sympathy and respect. The majority of the people must be shown that the law is not only meant but administered justly and fairly without prejudice or partiality between all classes and all communities alike for their benefit. Then only you will have that sympathy towards that rule of law. Without sympathy and respect the maintenance of law and order is impossible. By their methods, the Government may be able

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to terrorise the terrorists, put down crime, but it will not be by sympathy and respect, but by sullen submission of the guilty and the desperation of the innocent. The Government will be no farther than the maintaining of a smothered war, with all respect for law and order gone. What a bequest to their successors!

There is another grievance, perhaps not so formidable as the one I have just mentioned, but nevertheless a very important grievance. Though I have many grievances, I choose this one; though one of many, it is at the present moment the one most urgently calling for redress. I allude to that act of omission on the part of the Government to redress and take the necessary steps to relieve the situation regarding rice in this country. The importance of rice cannot be exaggerated. (Interruption.) However much a few Honourable Members on this side of the House with proportions like those of a Falstaff grown fat on *chappatty* and ghee may decry the dietetic properties of rice, I still maintain that rice is a very important production in this country. About 8,00 lakhs of acres, that is to say, 40 per cent. of the land under food cultivation is under rice. The figures show that if we put the value in rupees, the crop in Bengal is worth 83 crores; Madras 61 crores; Bihar and Orissa 48 crores; United Provinces 22 crores; Burma 25 crores; Bombay 18 crores; Central Provinces 16 crores; and Punjab one crore 89 lakhs.

Thus, out of a total value of 5,36 crores of food crops, rice occupies 277 crores worth; that is to say, rice occupies 52 per cent. of the total agricultural produce of the country whereas when compared with wheat, wheat occupies only nine per cent., oil seeds eight per cent., sugar cane seven per cent and cotton only four per cent. A comparison of these figures will convince Honourable Members about the importance of rice production in this country. It is said that a rise in the price of Re. 0-1-0 in a Bengal maund would add to the national wealth of this country by five crores and 60 lakhs. A short rise and fall over a fairly long period affects (1) the land values, (2) the prices of other staple commodities and (3) detriments the purchasing power of the people. That the purchasing power of the people has been considerably diminished endangering the safety of the several Budgets and causing considerable distress, not only to the cultivator, but to the labourer alike, cannot be gainsaid. The distress is great throughout in all rice producing Provinces in general, and the distress is more particularly great in Madras owing to her geographical position. Madras has a great coast land, and her nearness to importing countries has added much to the depression, and the depression is intensified, therefore, by these incessant foreign imports as well as the inundation from Burma, and, further, in these uncertain market conditions, the merchants who till now were keeping large quantities of rice have been throwing again into the market the rice stock thus adding further to their distress. The Provincial Governments have realised to a great extent the distress that has been caused in this matter, and they have tried their best to give some relief by way of remissions. But after all that is not a remedy, but it is only an earnest of their sympathy. The remedy lies with the Government of India. They have the power to give that remedy, and I hope they will have the wisdom to give it.

Sir, to my mind, there are several ways in which the Government could have taken action. So far, in spite of our incessant demands, nothing has been done, and I am very sorry to say that this morning's

papers also disclose the fact that we have been dumped again with rice in Madras. I do suggest that the Government should take their responsibilities much more seriously in a matter of this kind and take immediate steps, (1) by prohibiting all these imports, (2) by controlling that inter-provincial distribution, particularly with reference to Burma, if necessary by fixing a quota to Burma, and (3) by removing the export duty on rice, in view of the fact that our export trade in rice has deteriorated in figures, and if this is done, it would be a great help to the rice producer in this country.

I turn now, Sir, to the observations made by the Honourable the Finance Member, and accept his invitation and discuss more even at this late stage his budgetary position and taxation policy. It is not at all difficult to accept that invitation and discuss them; but the difficulty lies in trying to convince him. I can turn towards his expenditure and question the justification to keep the military expenditure still at such a high figure. It is easy to congratulate his achievement to reduce it from the Inchcape figures, but hard to justify the growth from pre-war level, a growth justified only by the then high prices. There is no justification whatever to maintain the same high level of expenditure which was found necessary by reason of the high prices then, now, when the prices are so low, not to justify to maintain the same expenditure out of proportion to the actual requirements of the country. But, Sir, I forbear. I can question the propriety of affording relief from the ten per cent. cut to the most highly paid civil servants in the world governing one of the poorest countries in the world, but I forbear today. I can call forth, if not further economies, at least economies to the extent recommended by the various Retrenchment Committees. Sir, I forbear. I can point out that the whole taxation policy is misconceived, and pursued through age long furrows regardless of all known principles of sound taxation policy. I may remonstrate that the whole policy is not directed to reach the people in proportion to their ability to pay, but is trying to destroy the initiative which produces the wealth in which the whole country should share. Sir, I forbear. I may say that the way in which the Government are handling customs, the principal source of their revenues, is very much like the way in which a child pulls out a plant by the roots to see how it is growing. Unable to bear this constant torture, it is no wonder that it is showing unmistakable signs of decay, driving the Government to its wits' end to find a substitute. Once they sacrificed a steady income of several crores of rupees in a misguided philanthropy to save the Chinese from getting intoxicated of opium even when that meant the denying the poor of this country bare necessities of life. Today they are experimenting with this the mainstay of central revenues, driving trade and business into uncertainties if to nothing worse. I forbear to discuss all that today. Why? Because we have had an answer from the Honourable the Finance Member. To all this the Finance Member has given us one reply—"Here we are again". During the general debate, I wondered and asked why the Government of India's financial year begins on the 1st of April. When the Finance Member borrowed this language from the Musical Comedy or circus and said "Here we are again", I had my answer. Sir, the very idea of our discussing the burdens of the financial administration is disgustingly ridiculous to Government. He has given us an indication of what we should have done or should not have done. He was sorry that his new proposal of benefiting certain Provinces at the expense of others was not sufficiently discussed and would like to hear more. "Come into my parlour, said the spider to the

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fly". If there is one proposal which is vicious in principle and mischievous in its effect on the Honourable Members on this side of the House at any rate, it was that. Should we be taunted for not presenting a sorrier spectacle of ourselves in the mad provincial jealousies roused by his proposals?

Sir, we have heard the woes of Bengal and Assam, we have heard the plight of Bihar and Burma. We have heard the sorrows of even the prostitutes of the U. P. on the authority of my friend Sir Muhammad Yakub. Sir, a colleague of mine, coming from the same Province as I do, asked me: "Why are all these people crying loud in lamentation, when if any Province has a reason to lament against this year's proposals of the Finance Member, it is Madras notwithstanding the fact that two distinguished civilians of that Province are today in the Government". All his proposals are calculated to affect Madras. It was said that the Budget was a pro-Bengal Budget; it was said that it was a Bombay Budget. No, Sir. This Budget is neither pro-Bengal nor Bombay, but it is anti-Madras. While Bengal, Bihar and Burma are benefited, Assam is promised and Bombay is humoured. Madras is invited to foot the bill. I told my friend that we from Madras are credited with intelligence by our friends here. Let us not insult that intelligence by entering into this Guerilla warfare in mutual recriminations, fanned by provincial jealousies. Now that the warfare has come to an end, the Knight from Bombay is not in his seat today no longer to thump the tables, the Knight from the U. P. is taking his well earned rest, the Knight from Bengal is no longer emphasising the needs of Bengal. The European Bench Members who, like their ancestors who carved an Empire here, championed the cause of Burma left by Burmans into their capable hands, are no longer vociferous. I may invite Honourable Members from the nights to the sunshine of reason and unfold the tale of Madras in a calmer atmosphere.

These financial proposals are calculated to injure Madras. It is given no share in the benefits that have been given under these proposals, but it has been hard hit. Take, for instance, one case, that of hides. Of what avail were all the protests against proposals calculated to injure that great industry in the South? That the whole imposition is inspired by British interests, in spite of repeated denials on the other side of the House, is made plain today by the telegram which was received from England a few hours back. And this is the telegram which was sent:

"Hoare (meaning the Secretary of State) promised communicate Government of India suggestion of Granville Gibson that Government of India should abolish export duty 5 per cent on raw goatskins exported various parts Empire particularly Britain in order to encourage British tanners who now second largest consumers in world Indian goat skins."

I wondered very much when Mr. Maswood Ahmad moved the other day a motion to remove the export duty on skins also why my Honourable friend, the Finance Member, readily said that it was a proposition worth considering. I would like to take Mr. Maswood Ahmad into confidence and ask him how he was inspired to make that proposal, whether his inspiration came directly from England or whether through the legitimate channels in Delhi, for him to make such a suggestion which undoubtedly is dictated by Whitehall's interests.

Mr. B. Das (Orissa Division: Non-Muhammadan): Through the middlemen of Calcutta.

Mr. B. Sitaramaraju: With your permission, let me take the case of Madras. With reference to Madras, I would like to divide my speech into three portions:—one the settlements before the Reforms. The basis of those settlements, the basis of the provincial contributions, is not population, area, income, capacity to pay, or anything in which equity forms a part, but pure expediency based upon the results of the financial arrangements now admitted to have been thoroughly inequitable. The earlier stages of these arrangements were described by Sir Richard Strachey in a passage which was quoted in paragraph 105 of the Reforms Report which runs as follows:

“The distribution of the public income degenerated into something like a scramble, in which the most violent had the advantage, with very little attention to reason. As local economy brought no local advantage, the stimulus to avoid waste was reduced to a minimum, and as no local growth of the income led to local means of improvement the interest in developing the public revenues was also brought down to the lowest level.”

That gives a fair indication of the nature of the settlements before the Reforms. With regard to the post-Reform period, the proposal of the Reforms Report was that contributions should be based upon surpluses and that Madras should pay Rs. 4,28 lakhs or 32 per cent of her estimated revenue of 13,31 and 31 per cent of the estimated deficit of the Government of India of 13,63 lakhs. The deficit declined successively first in 1919 to 12 crores, secondly, in 1920 to Rs. six crores. On the latter basis, the share of Madras would have been 2,11 lakhs or nearly 16 per cent of her estimated revenue and 35 per cent of the estimated deficit. But the Meston Committee increased it to 9,83 lakhs, with a view to benefiting, according to the statement, the Governments of poorer Provinces. In this statement they overlooked the fact that the real effect of the transfer would be, not the benefit they supposed to the poorer Provinces, but a perpetual benefaction to the two richest. The Committee went on to propose that basis of the contributions should be, not the surpluses, but the increased spending power of the Provinces. Thus, it penalised the levy of high taxation for the common benefit as well as the exercise of thrift in the administration. In a book called “The Full Story of the Milking of Madras”, details of the points that I have made are given, but I do not wish to tire the House with a long recital of them.

Now, let me take Honourable Members to the period from the Settlement in favour of Bengal. Before six months had passed of the one year of Reforms, the Finance Member of the Government of India came before this House with a proposition to depart from the Statutory provisions of the Devolution Rules in order to suggest, to use his own words, “the abandonment of an important receipt of Central revenues”, namely, the contribution by the Government of Bengal. Apart from the question of the constitutional propriety and legal aspects of this proposal, it is interesting to know the reason why. The reason put forward for this special treatment was that Bengal was working under an unavoidable deficit and the Committees and Conferences which had settled the contributions had not foreseen the increase in provincial expenditure. The question whether any attempt had been made to cut down expenditure was ruled out of order as being a matter within the purview of the Local Government and not the Government of India. The Finance Member refused to consider questions of taxable capacity or of incidence of taxation as between Bengal and other Provinces. He ignored the fact that that increase of expenditure in Bengal was a factor common to all. However, when an

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amendment was moved by Madras representatives that Madras should be given the same treatment, as she was similarly faced with Bengal, regarding her financial situation, the Government opposed the amendment on the ground that Bengal should be dealt with as a self-contained problem. When the Financial Relations Committee transferred to the Provinces General Stamps, they declared that it was a measure to benefit poorer Provinces. But this adversely affected Madras to the extent of 80 lakhs a year, and Sir Malcolm Hailey has estimated that it benefited Bengal to the extent of 47 lakhs.

Mr. K. C. Neogy: Has my Honourable friend taken into consideration the fact that this relief to Bengal was granted in pursuance of a distinct recommendation made by the Joint Parliamentary Committee in their report which accompanied the Devolution Rules themselves under which the financial adjustments were made?

Mr. B. Sitaramaraju: My Honourable friend, Mr. Neogy, will be more enlightened if I read those pages which I have passed over owing to shortness of time. I hope that one of my Honourable friends from Madras will read those pages, and when they are read, I am sure, my Honourable friend, Mr. Neogy, will be more enlightened upon the subject than he is apparently now. As a matter of fact, I have got the whole thing here, but I have not got very much time.

An Honourable Member: There is no time limit. Go ahead.

Mr. B. Sitaramaraju: I am reading from the book, "The Fall Story of the Milking of Madras":

"These being the circumstances, it becomes necessary to examine whether there was any demonstrable and unavoidable deficit in the case of Bengal such as did not exist in any other province and whether there was any self-contained problem which could be dealt with without affecting the other provinces of India. The case of Bengal is very fully dealt with by the Financial Relations Committee, who, while admitting that it would receive only a very moderate start in its new financial career, added the statement that its size, intrinsic wealth and general economic possibilities prevented them from treating it more favourably than the other provinces in the same category. They did not say that they had in fact treated Bengal with exceptional favour by the proposal to transfer General Stamps to the provinces, which they declared was a measure for the benefit of the poorer ones. It has been shown above that this was a measure which affected adversely to the extent of 80 lakhs a year, and the Hon'ble Sir Malcolm Hailey has estimated (on figures for a later year) that it benefited Bengal to the extent of 47 lakhs. In calculating the standard and equitable burden, according to taxable capacity, which is the sum of the incomes of its taxpayers or the average income of its taxpayers multiplied by their number, the Meston Committee found that Bengal should stand first, and pay 19 per cent. of the deficit, that is to say, its equitable share of the 963 lakhs is, not the 63 lakhs which they fixed for it, but 187 lakhs. The Joint Committee while relieving Bengal of her equitable obligation to bring her contribution up from 63 to 187 lakhs had made the contribution of the former sum part of the law of the land by embodying it in statutory rules. It is true that they added an *obituary dictum*, of which great use was made in the debate, commending the immediate financial difficulties of the province to the attention of the Government of India, but it is believed that they would have been the first, if they had been consulted, to repudiate the suggestion that that *obituary dictum* could properly be used as the basis for a modification within six months of the rules that they had recommended to be made law of the land. Meanwhile Bengal had started the reforms with balance on hand amounting to no less than 360 lakhs and had shown its own absence of any apprehension regarding the future by immediately paying off to the Government of India the whole of the outstandings of its provincial loan account amounting to 88.64 lakhs, instead of adopting the alternative, which all provinces had been offered and

which Madras had been forced to adopt, of spreading the payment over twelve years. Had Bengal done this, it would have an additional sum of between 60 and 70 lakhs, out of which to meet unexpected demands in 1922-23. Further evidence of the optimism that prevailed in the Finance Department of the Bengal Government was to be found in the fact that it had budgeted for borrowing for Public Works, which were not at the time believed to be remunerative, to an amount of 70 lakhs. Had it anticipated bankruptcy, it could not reasonably have proposed to meet the service of such a loan. On the other hand Bengal claimed to be the richest Province in India and the Government of India clearly contemplated an increase in its taxation."

Mr. B. Das: Don't insult Bombay by telling that Bengal is the richest Province.

Mr. B. Sitaramaraju: I won't insult anybody, not even Orissa:

"Leaving for the moment the permanent settlement out of the question, its taxation, on country spirit per gallon was Rs. 10-11-4 as against Rs. 13-5-5 in Madras. We have been told that the case would not stop with the demonstration of resentment by the public but that very practical proof of such feelings might be given by the local Council and even by Ministers."

and so on and so forth.

Now, Sir, I will not tire the patience of Honourable Members with any more extracts, but I do say that there were protests from all parts of Madras. As a result of that, a Conference of Finance Members of all Provinces was called for in 1922. In the meantime, attempts by Madras and the U.P. representatives were in vain, though when the case of Madras was strongly pressed, the Government of India promised to remit 98 lakhs to Madras if they had 1,83 to spare. Nothing was done. Subsequently, the contributions were abolished, but the character of the Government of India was not changed. The Honourable Sir Malcolm Hailey has described the Government of India as the pensioner of the Provinces, and here is the passage in which this is described.

"The Honourable Sir Malcolm Hailey has described the Government of India as the pensioner of the provinces. The pension is governed by peculiar conditions. The amount is fixed by the payee; the period is determined by him; the proportion in which it is shared among the payers is variable at will; and the chief of the latter is given no remission even if rendered bankrupt as a consequence of the deliberate policy of the payee himself."

If there is anything like a fair comparison between the Provinces to be arrived at, it should be in relation to their taxable capacity, and amount spent on beneficent services. I think a table of the expenditure incurred by each Province on the beneficent services would give an indication of the prosperity of the Province concerned. I have got here some figures for the period before the period of depression from the Simon Commission report. The expenditure per head of the population according to 1929-30 Budget estimates is as follows. The expenditure on education, medical and public health, land revenue and general administration, law and order, civil works and miscellaneous are, in Madras, 4.188, Bombay 8.291, which is double, Bengal 2.554, United Provinces 2.729, Punjab 5.549, Burma 8.620, Bihar and Orissa 1.800, Central Provinces 3.792 and Assam 3.920. I have also taken the figures from the Provincial Budgets for the four Provinces of Madras, Bombay, Bengal and the United Provinces. From this will be seen what each of these Provinces spends on education. Bengal spends one crore 30 lakhs, Madras two crores 46 lakhs, the United Provinces one crore 92 lakhs, and Bombay one crore 74 lakhs. On Medical, Bengal spends 52 lakhs, Madras 85, the U. P. 32 and Bombay 48. On Public Health, Bengal spends 39 lakhs, Madras 25,

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the U. P. 19 and Bombay 24. On Agriculture and other subjects, Bengal spends 25 lakhs, Madras 36, the United Provinces 29, and Bombay 24. On Industries, Bengal spends 12 lakhs, Madras 15, the United Provinces 11, and Bombay 8. The total for Bengal is 2,60,81,000, Madras 8,09,15,500 the United Provinces 2,85,45,390 and Bombay 2,80,61,000. Now, take the principal source of revenue, the land revenue. Land revenue is ridiculously low in Bengal with a population of 50 millions. It is only three crores. In Madras, it is seven crores with a population of 48 millions; in the United Provinces, with a population of 47 millions, it is five crores, and, in Bombay, with a population of only 20 millions, four crores for less than half the population. Again, Excise revenue in Bengal is 1.55 crores, in Madras 4.48, in the United Provinces it is 1.30 and in Bombay 3.49. In Stamps, Bengal is 2.71 crores, Madras 2.37, the United Provinces 1.81, and Bombay 1.54. Thus, for a Province like Bengal, its total revenue is only nine crores where the revenue of Madras is 17 crores, the United Provinces is 11 and Bombay 14. It will be seen that neither Bengal can complain unless she revises her land revenue settlement, nor Bombay can complain, and in any case neither can be called the Cinderella of the Provinces in India.

The administration of Madras is very peculiar and certainly in some way requires notice by my Honourable friends coming from other Provinces. One feature of the Madras administration is the relatively small number of the districts, that is to say, as the number of districts in the Madras Presidency are few therefore, the expenditure to be incurred on account of the district officers must necessarily also be low, whereas, in the case of the United Provinces and other provinces you will find from the following table that their administrative district units are far too many for them. For instance, Madras has got about 24 districts, whereas Bombay has got 26, Bengal 28, the United Provinces 48 and the Punjab 30 districts. The population of the first three Provinces mentioned—*vis.*, Madras, Bengal and the United Provinces,—is less than fifty millions and above forty-five millions each, whereas Bombay and the Punjab have less than 20 millions or about 20 millions each. What is true of the districts is also true of the sub-divisions in Madras. That is one great difficulty in their administration. The second feature of the Madras administration is that she is obliged to maintain 19,000 square miles of Agency tracts. Large sums of money are spent for that purpose. Thirdly, in the Province of Madras, local self-government has made such rapid progress that it has practically taken over all the roads, all the educational and medical institutions, hospitals and dispensaries, and today for want of assistance they are all starving. And, fourthly, there is the question of land revenue. I have shown from figures that Bengal has a very small land revenue due to her permanent settlement—only three crores—whereas Madras pays more than double that amount. Fifthly, a great deal has been said by the representatives of Bombay that Bombay spends a lot of money and pays a lot of tax. Sir, it must be remembered that Bombay has grown fat at the expense of the rest of the country, and whatever amount Bombay spends today is in fact not her legitimate income, but the income which she has derived from the consumers of the rest of the country which mainly contributes to their income. (Hear, hear.)

Mr. N. M. Joshi: How have the Bombay Government got any money from the consumers in other Provinces?

Mr. B. Sitaramaraju: Not Government, but business men of Bombay from incomes.

Mr. N. M. Joshi: Very little—very little of income-tax goes to the Provinces.

Mr. B. Sitaramaraju: Well, the other day, my friend, Sir Cowasji Jehangir, calculated the receipts from income-tax on account of Central revenues as well as provincial revenues, and grouped them together. Whatever it is, the fact remains that your income is not *bona fide* income (Hear, hear), but income which we pay for you. Now, Sir, that is the case of Madras. Therefore, it is ridiculous for any particular Province other than Madras to come before the House and say that it is the Cinderella of the Provinces.

Diwan Bahadur Harbilas Sarda (Ajmer-Merwara: General): Not Ajmer-Merwara even, which has always been treated in a step-motherly way?

Mr. B. Sitaramaraju: Sir, Ajmer-Merwara is not a Province, but it is an apology for a Province. Therefore, my point is this that while Bihar in her destitution cries, "I have nothing to wear", Bombay, affluently circumstanced Bombay like a Hollywood star cries, "I have nothing to wear!" (Laughter.) Sir, the poor are naked, because, they must be so: the rich are naked, because they may be so. To use the words of the *Indian Finance* with so many Cinderellas competing to dance with the prince of Finance and put their feet in the lost slipper of India's prosperity, who can say that the future of India is not bright:

"When all are for a section,
And none is for the nation,
And while the poor go on starving,
The Services ask for ration."

(Applause.)

Mr. Bhuput Sing (Bihar and Orissa: Landholders): Sir, at the outset, being a representative of Bihar, I must take the opportunity of thanking the Honourable the Finance Member for coming forward with relief for the sufferers of the Province to which I have the honour to belong. Sir, help rendered from the Central Fund, though welcomed, cannot be called sufficient to meet the situation. The horrors of the situation in Bihar, due to the earthquake, are better imagined than described. My thanks are also due to His Excellency the Viceroy for raising funds for the help of the stricken. My thanks are also due to Babu Rejendra Prasad for the prompt measures he took for the immediate relief work. Our thanks are no less due to the Tatas and the Mayors of Calcutta and London for raising funds for Bihar relief. Still, Sir, the help rendered is too small in comparison with the gigantic task of reconstruction or relaying a part of our Province and not of a town or district.

Then, Sir, before the Finance Bill is passed, I would like to make a few observations as to how the public feels about these Annual Budgets of the Government of India. The whole Budget consists of supplies and demands. The demands on the expenditure side have already been passed,

[Mr. Bhuput Singh.]

but the question of the voting of the supplies is the subject under discussion. Sir, the Finance Bill remains practically the same without any alteration worth the name. The taxes imposed by the Finance Act, 1931, as an emergency measure, are being still maintained. The surcharge on all taxes, including the taxes on incomes, levied as an emergency measure has neither been removed nor reduced. The people, with an income of Rs. 1,000 and over, were taxed to meet the emergency, but they have not been exempted from such taxes. The postal rates which were increased during the last few years have been established as a permanent measure, in spite of the fact that the law of diminishing returns is having the fullest play over the postal incomes. The volume of sales of envelopes and postcards has considerably decreased in comparison with what it used to be when the rates were half an anna and a quarter anna, respectively. The masses do not use envelopes or they very seldom use them. The reduction in the rate for envelopes proposed does not at all affect the poor cultivators and labourers who form the bulk of the postcard consumers. If any relief from taxation is required, it is required by such poor people. The first charge on the revenues for the reduction of taxes must be for the poor and not for the richer and the middle classes. Further, taxes by way of an excise duty on sugar and matches and the duty on tobacco are being levied in the present Bill. The country, Sir, even after a British rule of over 150 years, has got no authentic records as to the *per capita* income of the people of this country. There is also no authentic record of the *per capita* burden of taxation on the people of this country, though every civilized Government in the world worth the name has got such records to compare the incidence of taxation on different kinds of people. Committees and Commissions have been appointed in the past, and are being appointed at the present moment, only for allowing some Britishers to come to India and exploit the country's resources before their return home. The Statutory Commission, envisaged in the Government of India Act, has taken five years to produce a mole hill in the form of the White Paper, and the way in which the mountain in the Joint Committee is in labour will produce another ant hill. (Laughter.) Sir, the constitutional enquiry made in 1917 and 1918 could be finished in two years by the late Mr. Montagu when the whole structure of the Government of the anti-reform days had to be changed. But, at the present moment, when the whole machinery of the representative form of Government is already in working order, it could not be improved even within the last few years. The late Mr. Montagu, Sir, was a believer in the proverb as to, where there is a will, there is a way, and as he had the will to evolve a new machinery of Government for India, he found the ways for translating his will into facts. The present Conservative Government is biding time to create a public feeling in England against Reforms and is waiting to see how far it has succeeded in achieving that object, because, in case they can carry England with their views, they will scrape off the whole question of Reforms and will rule India with mercenary troops from Nepal and the North-West Frontier Province and the United Kingdom.

The conservatives in England are the top dogs at present, because they think they have been able to crush the Congress and to crush the political spirit of the country in the name of suppression of terrorism and the Civil Disobedience Movement. But, Sir, they forget that a national

movement once generated in a people can never be crushed. The Englishmen of the present generation are bankrupts in politics. They only understand physical force and thereby they are strengthening the feeling in this country, that national salvation, if required, is to be won by brute physical force, either in the form of communist revolution or by terrorism or by armed revolution. It is the rulers who by their actions are teaching the Indians to be believers in violence. India being an Eastern country still believes in the mandates of religion and are, therefore, law abiding by nature, but if Government, by their actions, goad them to take to violence and remove the influence of religion, the country will be caught in the whirlwind of revolution. Let the Britishers not forget the fate of the Austrian Hapsburgs or the Russian Tsars. Those autocratic rulers were also enthroned on autocratic powers based on the strength of the army. But, in the twinkling of an eye, they vanished. If England desires peace for themselves, if she desires to keep the Empire intact, let them change the present tactics of ruthless suppression and oppression of the people as described by Mr. Mitra the other day in this House, and on the contrary conciliate Indians by giving advanced reforms.

The present tantalization and procrastination in the matter of Reforms is only increasing the extremist section of the Indian politicians. Younger generations are getting it instilled into their hearts not to believe the promises of the Britishers, however, *bonâ fide* they may be. Like the business world the political world also is guided by credit. The political credit of the British people before the orientals is now minus.

The Army of occupation in India is devouring nearly 40 per cent of her revenues. Is there any country in the world whose expenses on an Army is as great as 40 per cent of her total revenues? Indianisation in the Army Department is an eye-wash. Even the branches of the Army, such as veterinary services, chemical research services, remounts department services for the grass and dairy farms which are non-combatant, have not only not been Indianised, but no beginning has as yet been made for Indianising them. Are not Indians available with veterinary qualifications? Are not Indians available with the knowledge of chemistry to fill up the posts of chemical research officers? Are not Indians available to fill up the posts of officers in the grass and the dairy farms? Sir, it sounds like fiction that military grass farms require British officers from England to come to India and show the agriculturists of India to grow grass. It is as preposterous as absurd. The whole policy of the Army is based on the policy of exploitation of the country by British troops and officers alike. The whole of the Army Headquarters are full of officers, and probably their number in those offices is equal, if not larger than the clerks. Government wish to retain the Army in India in different garbs in different places.

I now come to the civil administration which is run by the "steel frame" with high fabulous salaries which is found only in India in the whole world. The heaven-born services must have all their comforts and luxuries including the luxury of the hill moves. Let India go to rack and ruin, but the Government officials must have the hill moves. Economy and retrenchment are only meant for the poor menials, inferior servants and the ministerial staff and the subordinate services. Reduction of pay is required only for those services which are mostly manned

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by Indians. But, for the heaven-born services are required bribery and corruption by way of further *Lee loot*, which will come with further Reforms. Without bribing her services, India could not get her Reforms in 1919, and she cannot expect to advance constitutionally in the future as well without further bribing her services. If the *Lee loot* is not bribery and corruption, then the word bribery should better be taken out of the English vocabulary. Compare the pay of the lowest paid official in a country with the pay of the highest paid official, and it will probably stand in the ratio of 1 is to 32, whereas the pay of the lowest paid official in India and the pay of the highest paid official stands somewhere in the ratio of 1 is to 132. But, in order to avoid criticism, Government have no authentic records about it and occasions are not wanting when Government demanded authentic records about such figures from the non-officials instead of giving them such figures. India is everyone's land excepting the Indians themselves, and Indian money is only Britain's money. Indian jails are meant for India's best sons. The present day administrators of India are working just as the Pharaohs did against Jesus and his followers. Whenever Indian leaders agitate for political advance the crocodile tears of the white masters overflow the eye sockets for the Indian masses. But when it is a question of squeezing the masses for filling their own pockets, the masses are then left to the Indian politicians for being defended against higher taxation.

The present bicameral Indian Legislature is a farce. In coming to the Legislature, may I ask as to the justification for paying the Official Members a daily allowance of Rs. 20 a day over and above their pay? Had they come on tour, would they have been entitled to draw Rs. 20 a day as halting allowance under the Civil Service Regulations and the Fundamental Rules? If not, what is the justification of this increased rate of halting allowance?

Then, I come to the question of the provision of saloons for Executive Councillors. Are they not meant only for going to Bombay when Executive Councillors and their families leave for England or arrive from England? Why cannot they travel in first class compartments by drawing one and three-fifths fares like all other officers? Are these luxuries allowed to the Cabinet Ministers in England?

There is wastage everywhere, because the bureaucracy only thrives in wastage and coercion for a time which ultimately bring their end and ruin, and it is not long when the history will repeat itself in India. There is even time now for them to retrace their steps and reduce the cost of administration by reducing the pay of high salaried officers, reducing the Army expenditure and reducing the taxation of the masses and the poor.

Raja Bahadur G. Krishnamachariar: (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, having been away throughout the discussion on the Budget and the Finance Bill, I have not had the opportunity of making the few observations that I would have done. I find from a close reading of the debate that took place during my absence that there is only one subject which has been left out, and that is the solar system. I am afraid to talk of it, for the reason that, while casting the horoscope of a nation, I found that on the 20th or the 21st of March, war would break out and war has broken out between Arabia and some other smaller State. Who knows that it is like the legendary cloud, no bigger than a man's

hand, which might cause a great conflagration. Therefore, I am afraid to speak of the solar system. So, I find that I have not got anything in particular to say except to make one or two complaints.

The first complaint is this. Reading through the proceedings I found that my Honourable friend, the Finance Member, said that he was disappointed with the criticisms and I was more disappointed and I entirely agree with him. Whatever my Honourable friends on this side may say, we do dissipate our energies here a great deal. But I thought that even we were entitled to a little bit of pity, because, if the newspapers said correctly, he was disappointed that there was no criticism on the Match Industry Bill. If he has said that, I do not know what happened here when I was absent, but I believe he said that we need not dissipate our energies over the Match Industry Bill and the Sugar Bill, because he said we would have opportunities of discussing them later on in more detail. Now he twists us for not discussing them.

The Honourable Sir George Schuster: My Honourable friend has obviously read a misquotation. I was referring to the proposals for distribution of revenues to Bengal.

Raja Bahadur G. Krishnamachariar: I read in the newspapers, but I stand corrected. There is a more important complaint on which I do not think the Honourable Member can make me sit down by his reply, and that is when the economic planning resolution was on, I spoke of agriculture. I said that economic plan in India meant agriculture and nothing else. All my complaints were entirely ignored and there was not even vouchsafed that sympathetic reply which at times we used to get, because sympathy from the official side brings us some little relief in the shape of money which we might spend. Even that sympathetic answer was not vouchsafed to us, and, therefore, I am standing here today and repeating my complaint that although we pay and pay and pay, there has not been any relief vouchsafed to us, not immediately, but at least in the near future, as to how those problems that affects us would be tackled and how they would be met. The first and the most important thing is the indebtedness of the ryot, the next is the trouble about marketing, and the third and most important is that rice business about which my Honourable friend, Mr. Raju, spoke so eloquently in the beginning of his speech. A few days ago, when the dispute between Bombay and Bengal people arose about the one and half crores which the Honourable the Finance Member gave to Bengal, I pointed out that it was I of all persons representing the Madras Presidency who was entitled to the greatest amount of relief, and, at that time, I simply mentioned roughly the extent of contribution we were making under the old Meston settlement. I am glad that my Honourable friend, Mr. Raju, a younger man with a great deal of energy and industry, has brought out the whole thing and showed how Madras was milked and my Honourable friend gave you all the figures necessary to completely justify my position and my demand that Madras should have been given some relief. What is the result? The result is that whereas we in Madras were able by screwing out to the last pie the amount that is due from the peasant, we were able to balance our Budget, and my Honourable friend, the Home Member, says "Oh! Madras is all right, you leave Madras alone, they will take care of themselves, and so do not trouble yourselves about Madras". Today, if, in spite of the fact that time after time we put forward our grievances, they are not heard, I find

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the most widely circulated newspaper in Asia took us to task and it did us a little bit of harm, because I read an article from the special correspondent of that paper that the Assembly wantonly wasted a whole day in discussing the export duty on hides. Sir, there is an old tale in the Aesops fables which says that the toad beneath the harrow knows exactly where each tooth-point goes, and similarly it is only we in Madras that know how this infant tanning industry is going to be killed if this export duty is taken away. We did on the floor of the House cry probably a little bit irrelevantly, but surely as the old Urdu proverb says:

"Zabar dast mare Roney nahin Deyo."

which means that you beat us, and surely it is our privilege to cry. This gentleman from Bombay says that we were wantonly wasting our time in the Assembly. Curiously, in a later portion of the same correspondent's article, he says that even in England the elected Members cannot be prevented from taking as much time as they want in order to discuss questions of taxation during Budget time. What then shall I do? I have got a complaint, I make the complaint, but nobody listens to it. I cry myself hoarse, but some other gentleman says, you have been wantonly wasting the time of the House. What remedy have we got? We have simply to come here and do what the other gentleman from Bombay wants us to do and then go home and be satisfied with drawing an allowance of Rs. 20 which, even according to my Honourable friend, Mr. Bhuput Sing, is not sufficient. We have only to go home and feel quite satisfied, feel ourselves six feet high and think that we are M. L. A.'s and that we did a lot during this Session. That is not the way our work should be judged. There is an old Sanskrit saying which says:

"Kritam ch prati kartavyam yesha Dharma Sanatanah."

You must repay whatever good has been done to you, and that is the old sanatan dharam, and the application of that is, the other day we were given a very good certificate by the Honourable the Finance Member that during this Session we had assisted the Government a great deal in getting through their business. In return, what have the Government given us. Nothing. That is my complaint. I think we are entitled to some sort of sympathy, some sort of good treatment and some good work at least, because the Indians are big fools. They do not want anything. If you speak to them nicely, they are quite satisfied. No one understood that principle better than one of our Viceroys about whom it was said that to Englishmen he gave appointments and to Indians he gave speeches. Even that has not been vouchsafed to us, and consequently, today, during the final discussion on the Finance Bill which is the only time when we can cry ourselves hoarse, we have been making complaints, never mind if any reply comes or not. I submit, the most important thing that has got to be done is relief to agriculturists. They have not been taken care of. The most important consideration ought to be given to the relief of the agriculturists.

Before I sit down, I make one appeal to the Honourable the Finance Member. In a few weeks time he will be leaving us to our great regret. As I said in one of my previous observations, the portion of the Budget regarding the economic future of the country shows how clearly the Finance Member has grasped the position. It would have been well if this subject had been taken up by him earlier during his regime. We cannot stop

him from going away. But I would earnestly request that he should leave behind him a note as to what he would do in case the principles he enunciated have got to be put into practice and substantial relief to be given to the agriculturists. I make this appeal, because he is a little bit more than a mere Finance Member. I said he was more a philosopher and it was only a cruel fate that brought him and put him in the Finance Member's chair at a time when we were passing through a very severe period of depression. I am not talking the language of convention, but I earnestly request that he do give us a programme which he understood, so far as the economic improvement of the country is concerned should be done, so that we might some day reap some benefit from it. Sir, this is all I have got to say.

Pandit Satyendra Nath Sen (Presidency Division: Non-Muhammadan Rural): Sir, I rise to make a few observations on the motion before the House. In the very beginning, I should offer my thanks to the Finance Member for his kindly giving Bengal a very substantial amount out of the export duty on jute. I am not going to indulge in provincial jealousies and I should not grudge the people of other Provinces getting their due share. I might also thank my Honourable friend, because he has not made a greater addition to the list of taxes that are now in existence. But when we give him this compliment, we should not be oblivious of the fact that there are very few items in the market which my Honourable friend could lay his hands on. He has practically exhausted all the items created by God and man for human use.

Sir, it is a pity that the high rates of income-tax and postage have not been substantially revised. It is a greater pity that the surtaxes which were brought into existence by the Emergency Finance Act remain unaltered. Sir, the income-tax is rendered more obnoxious by the vagaries of the Income-tax Officers in making assessments and by the conduct of some petty officers who often move about in plain clothes to trouble innocent people whom they are empowered to victimise, sometimes without any justification and always with impunity. I should suggest that the first item in the Schedule of income-tax should be omitted, specially in regard to undivided families.

As to postal rates, I should say that the concession that has been granted is only nominal. The weight that has been allowed for the concession rate is a discouraging element. The little concession that has been made in regard to book-packets will not very much help the ordinary people. Sir, the reduction in the price of postcards is a much greater necessity. When it is the universal demand that their price should be reduced, Government ought to devise means how to meet that demand. It will not do for them to simply say that this will cost so much and that will cost so much. When it is the popular demand, it is up to Government to devise means to meet that demand. That is the connotation of the word "Raja",—not simply to enjoy, but to feel for and to serve the people in right earnest.

Sir, in my speech on the amendment regarding the price of postcards, I referred to the tax on vegetable ghee. I will take a few seconds of the House to read out what was said by Sir George Rainy in 1931 as Commerce Member. Before doing that, I should remind Honourable Members that a Resolution for levying a heavy tax on vegetable ghee was passed in this House by an overwhelming majority. That Resolution has been flouted, and when the question was re-opened by my Honourable friend, Sirdar

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Harbans Singh Brar, in the form of a question, this is what was said by Sir George Rainy:

"Government recognise that if the customs duties are to be maintained for any length of time at the high level to which they have been raised, it may become necessary to consider whether the levy of new excise duties is not essential if serious loss of revenue is to be avoided. But they can find no special reason why vegetable ghee should be singled out for such a duty at the present time."

Honourable Members should note the last portion of his statement, namely, that they can find no special reason why vegetable ghee should be singled out. Now that special duties are going to be levied on many other articles, it is time for Government to seriously think on the question relating to this obnoxious product. Sir, I do not see why Government should be so reluctant to put a prohibitive duty on this article when they are so very eager to levy taxes on such innocent necessities of life as matches and sugar.

Sir, this much regarding the shaping of the Finance Bill, but we have other grievances also. First and foremost comes the question of unemployment. I am sorry to say that Government have not done much to tackle this serious problem. Rather they are carrying out their retrenchment policy which is making the question of unemployment more complicated. What they should have done is not retrenchment of posts, but retrenchment of salaries.

Sir, next comes a serious question, interference with our religious matters. The Sarda Act, which, as a piece of law, is a misnomer, is still on the Statute-book. Other Bills also, such as the Temple Entry Bill and the Abolition of Untouchability Bill are on the anvil. And, when this is the position, there is no adequate safeguard against religious interference in the White Paper. Sir, Government are perhaps aware by this time that the entire orthodox community, Hindus, Muslims and Parsees, are very much perturbed over this question. Hundreds of meetings are being held in the country, hundreds of newspapers are being started, and I hope Government will take note of these things.

Sir, next comes the question of the Communal Award, and, to crown all, the Poona Pact, which, I should say, is a foolish and impudent mishandling of our constitutional problem. While the former is a negation of nationalism, the latter is opposed to all common sense. "It is the privilege of the fools to be guided by the wise", says Carlyle. This sound principle, enunciated by one of the greatest of political philosophers, has been trampled under foot by that unholy pact. To play with seats in the Legislature on the ground of disqualification instead of qualification at the cost of some people who have now become the eyesore of some public men is, I should say, if not foolish, a mischievous exploitation. When so many grievances are hanging over our heads, if we are to give our consent to the passing of the Finance Bill, it is with the hope that these grievances would be redressed in no time. With these few words, I conclude my speech.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Sir, my Honourable friend, Raja Bahadur Krishnamachariar, ^{4 P.M.} deplored that there was nothing left to talk about on the Finance Bill except the solar system. I am surprised at the want of imagination of my Honourable friend. I could suggest to him

a number of subjects which would be of absorbing interests, not only to this side of the House, but even to the sober and sedate Members occupying the Government Benches. My Honourable friend can for instance talk about the inadequacy of midwives in his Province or the increasing number of divorces or the efficiency of the monkey-gland treatment. I am quite sure that if I discourse on any one of these subjects, my Honourable friend, Sir George Schuster, in spite of his protestations to the contrary, would like to hear me a great deal more than if I were to speak on any one of the numerous items arising out of the Finance Bill which he has heard discussed some hundreds of times.

Sir, my object in speaking on the Finance Bill is merely to draw attention to a matter of growing importance to Bombay and to the rest of India.

An Honourable Member: Textile interests!

Mr. H. P. Mody: Textile interests you will hear about next week or the week after, to your heart's content. I refer to the increasing menace of the Kathiawar ports. In the observations I offered on the Budget, I referred very briefly to the extent of this menace and to the practices which have made it possible. On that occasion my Honourable friend the Finance Member, stated that I should have some proofs with regard to what I was saying if I expected him to take notice of the allegations which I made. I certainly have proofs, and I hope to place them before the House presently. But I should have thought that my Honourable friend was in a much better position to obtain the proofs than any private individual, because Government have their Customs Department and other channels of information, and what has become a notorious fact to the general public should have been known with a greater deal of definiteness to the Members of Government.

I shall first of all deal with the history of the question. The Kathiawar ports first thrust themselves upon the notice of the Government of India somewhere about the beginning of the century, and as a result of certain discussions which took place and finding that they were not amenable to the customs jurisdiction of British India, the Viramgam cordon was first imposed in 1905. It continued in force till 1917 when it was abolished on the States undertaking to observe the same customs regulations as British India and to levy the same scale of duties. Owing to the enormous development which took place as a result of the post-war boons and the extension of the railway system in Kathiawar the question of diversion became a matter of great importance, and the Mount Abu Conference was the result of the public protests which were heard in increasing numbers on all sides with regard to the various practices which were alleged to prevail at the Kathiawar ports. The Abu Conference failed to produce any result, and the Government of India were obliged once again to impose a cordon at Viramgam. In spite of that, trade continued to be diverted and the Government of Bombay were obliged to make representations to the Government of India. The Government of India, after deliberating for a couple of years, replied that they were unable to do anything for the reason that Federation was in the offing, and that the position of the States *vis-à-vis* the British Indian Provinces could not be allowed to be compromised by any measures taken with regard to the Kathiawar ports. That is the position today, and the menace has gone on increasing with the result that not only is Bombay crippled,

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but the customs revenue which the Government of India expected to derive from the levy of duties has been seriously affected. The extent of the menace can be realised from the fact that the total imports into the Kathiawar ports according to the official figures rose from 2,76 lakhs in 1931-32 to 4,14 lakhs in 1932-33. The amount of trade which passed over the Viramgam line during the same period rose from 77 lakhs to 2,25 lakhs.

These figures take no account whatsoever of the smuggling which is going on all over the place. It is not possible to get any direct or definite evidence of smuggling. We can only form conclusions on such figures as we have before us, and which are not open to challenge. According to official estimates, something like 21,000 packages went to Cutch as on-carried cargo between the month of November and the end of January last, comprising largely art silk goods. I received a telegram three or four days ago which is from non-official sources and for the accuracy of which, therefore, I cannot vouch, which stated that as many as 28,398 packages have been shipped from Japan to Cutch since the end of January. Another piece of evidence of an indirect character is to be found in a telegram which was received by an importer on the 8th of March. The telegram stated, with regard to bleached goods:

"Cannot ship March shipments. Could we ship to any non-Indian ports, say Baluchistan or Cutch?"

Sir, these goods, which come into India, either from Japan or any other place, can find their way into British India by a variety of ways. They get into Sind by way of Nagar Parkar; they get further south into British territory by way of Dhrangadra and other Kathiawar States, with the result that a great deal more than the people of Cutch can ever require for their own consumption is finding its way into Cutch. Since I spoke last, I have received letters from various people indicating the nature of what is exactly going on. I shall quote from one of them. This is from a gentleman who was coming from Karachi and who had as his cabin companion some one who also hailed from Karachi, who said that anybody wishing to avoid the customs duty at Bombay had only to order the stuff he wanted at the port of Mandvi which is on the way from Karachi to Bombay, and pay for it the customs duty in force at Mandvi which would be about five or seven per cent., because Cutch is outside the customs union. The next thing for him to do would be to take a first or second saloon passage to Bombay, and get the man who bought the goods for him to hand over the package to him at Mandvi; this he would carry to Bombay with his luggage which would not be subject to examination, because he was coming from Karachi.

Another method—and now I am quoting the exact words, is:

"To make a trunk of silver sheets, paint it up, fill it with clothing and pass it through barriers as an ordinary steel trunk. I understand that the duty on silver is much more in Bombay than in State ports, and it is easy for anybody . . ."

Raja Bahadur G. Krishnamachariar: I think your friends will take note of all these things.

Mr. H. P. Mody: I hope they will. Then, there are other ports through which smuggling is taking place, and that is within the knowledge of Government, because they have taken action. There are certain small ports to the North West of Karachi in the States of Kelat and Rasbella in the

Baluchistan Agency Tracts where goods are imported and which subsequently find their way to Quetta. The fact that smuggling was taking place along this frontier is amply evidenced by the fact that the Government of India very recently imposed a customs cordon round this tract. In spite of that, large quantities of goods were smuggled through, but were subsequently seized by the customs authorities. There are other places such as Pondicherry. In the six months ending October, 1933, 3,600 packages of direct shipments were received at Pondicherry as against 1,100 in the same period the year before, and 2,466 packages were diverted from Madras as against 600 in the corresponding period. Included in these figures or otherwise, there were as many as 1,147 packages of art silk taken to Pondicherry. There is round about Pondicherry a customs cordon, but it is very difficult to administer it; from both Pondicherry and Cutch it is the easiest thing in the world to smuggle goods into British territory by carts, camels and by other means of transport.

Raja Bahadur G. Krishnamachariar: Not near Pondicherry.

Mr. H. P. Mody: Another instance has been brought to my notice by somebody who was connected with an Indian State up to very recently, and that is with regard to imports of sugar into Jaffarabad. An arrangement was arrived at by the administration of Janjira with the Government of India a few years ago, whereby sugar was allowed to be imported into the State through Jaffarabad without having to account to the Government of India in regard to the customs duty. The understanding was that if the Janjira State was to be allowed to retain the customs duty, then no more than the actual requirements of the State were to be imported. Very recently some enterprising gentleman,—I am told he is a Parsi, but I have no definite information, . . .

An Honourable Member: All honour to him.

Mr. H. P. Mody: We are always in the van of progress! I am told he has started importing sugar in considerable quantities at Jaffarabad, quantities which are many times the actual requirements of the State of Janjira; all this sugar possibly finds its way later on into British territory in defiance of the understanding with the Government of India . . .

Raja Bahadur G. Krishnamachariar: What an enterprise!

Mr. H. P. Mody: These are just a few instances of smuggling; there are many other ways in which the Government of India and the port of Bombay are being systematically defrauded. What are the arrangements with regard to the levy of proper customs duty at these ports? The basis of the arrangements is that, in respect of all goods which are consumed in the territories of the Kathiawar States, the States are allowed to retain the duty which they collect provided they levy the same scale of duties, and, in respect of goods which pass into British India over the Viramgam line, the duty has to be refunded to the Government of India. Now, if the basis of this understanding, namely, that the same customs duty should be levied, were observed by all the Kathiawar States, it is impossible to believe there can be any substantial variation in the prices of various articles in Kathiawar from those which obtain in British India, and yet what do we find? Taking art silk piecegoods, in respect of which most of the evasion and smuggling is going on, the Bombay rate is Rs. 0-5-1 per linear yard, while the Kathiawar rate is Rs. 0-3-3 per yard. In respect of a well-known grey shirting,

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which comes from Japan, the Bombay price is Rs. 10-12-0 per piece, while in Kathiawar it is Rs. 7-6-0 per piece. I wanted to get something more definite, and I asked a friend of mine in a large way of business in Bombay to buy some goods himself. This he did, and he purchased five cases of art silk goods, on which the scale of duty is very high and in which evasion would be most profitable, 60 or 100 miles from the coast inside the State of Wankaner. These goods carry a duty of Rs. 0-3-0 per linear yard, and yet my friend was able to purchase them 60 miles from the sea board at Rs. 0-3-1 per linear yard; that is to say, after paying a duty of Rs. 0-3-0, the goods could be had at three annas and one pie!

Sir, I submit, these examples should be enough in the way of proof for my Honourable friends. It cannot be that, if there was no evasion, these prices or anything approaching these prices would ever be possible, and if the Government of India are satisfied that goods are actually being sold at these prices, I submit they should not require any further proof of what is going on in the Indian States. But, Sir, this is not the only way in which we are being robbed of the revenues which are legitimately ours on account of the taxes that we pay. - At British Indian ports, goods are not taken at their invoice value, nor according to the description which is put down in the invoice. Goods are subjected to very meticulous checks. Now that the customs duties have become so prohibitive and our tariffs so very complicated, a great many questions arise in which differences of opinion prevail at ports even in British India. The interpretation in Bombay is not always the same as in Calcutta, and very often references have to be made to the Central Board of Revenue. The Central Board of Revenue gives decisions which ensure that duties are being levied upon goods at a valuation which is uniform. Are there similar methods in vogue in any of these Kathiawar ports? My submission is that even when the standard customs duties are levied at the Kathiawar ports, they might be much less than those levied in British India, because there is no check on the goods such as there is in British India.

The same remarks apply to the customs line at Viramgam. Here, again, by some curious arrangement, that the Government of India came to with the Indian States at the time of the Abu Conference, goods are being allowed to enter into British territory on the mere production of a certificate that they have paid duty at the ports. If, as I contend, even when there is no question of dishonesty, goods have escaped to a certain extent the proper duty leviable against them at the Kathiawar ports, then, I say, they have also escaped it at the Viramgam line, and this is another way in which we are losing revenue.

Mr. S. G. Jog (Berar Representative): Have not the Davidson Committee made any recommendations in this matter and suggested a uniformity of control so far as customs in States and British India are concerned?

Mr. H. P. Mody: My Honourable friend has obviously read the report of the Davidson Committee. The Davidson Committee has dwelt upon the menace of Kathiawar ports and made various recommendations, but the Government of India have for one reason or another not been able to take decisions. It is just possible that when Federation comes into being, and I hope some of us will be alive at that date, something will be done.

Before I come to the remedies, I would like to take up the special case of Bhavnagar. With Bhavnagar a treaty was entered into somewhere about 1865, by which she was put in the privileged position of not only being allowed to retain duties on goods which were consumed in her territory, but also on all goods which passed into British India. We are seeing the results of that policy at the present moment in the enormous expansion which has taken place in the Bhavnagar customs revenue and in the development of the Bhavnagar port. Incidentally I may remark that the half anna duty on foreign cotton which was levied in the interests of British Indian revenue is now being shared between the Government of India and the Bhavnagar Durbar, and the figures of April to December, 1933, are that, out of Rs. 30 lakhs duty collected on foreign cotton, Rs. 23 lakhs went to British India and Rs. seven lakhs to Bhavnagar. I should be the last person in the world to say that the sanctity of treaties should not be observed, but my submission is that conditions have materially altered. The basis upon which the two parties came to an agreement has been completely changed, and a great deal is going on at the present moment which should justify the Government in approaching the Bhavnagar Durbar for a revision of the treaty. I do not wish to charge the administration with any malpractices. In all the investigations which I have conducted, I have not found anything to substantiate any such charge. All that I say is that even at Bhavnagar, so long as the Government of India have no assurance that duties are properly levied by seeing that invoices are checked, appraisement is properly done, under-valuation is not allowed, and the description of goods corresponds actually to the contents of the packages—so long as the Government of India have no assurance on that point, I submit that they have every justification, without touching the treaty, to ask the Bhavnagar State to confirm in every particular with the system of customs administration obtaining at British Indian ports. Apart from that, I would like to bring to the notice of the Government of India a case which is almost on all fours with that of the treaty with Bhavnagar. In 1887, a treaty was signed by which trade was regulated between Siam and British India. When I say British India, I mean Burma whose borders are contiguous to those of Siam. According to the terms of that treaty, it was provided that trade movements over the frontier should be free of duty. In that treaty there was no provision for denunciation, as there is none in the treaty with Bhavnagar. Yet, what happened? Siam began to develop her railways, and what appeared to be a trade of insignificant dimensions assumed serious proportions, and a good deal of stuff came into Burma without paying any duties. In 1923, His Majesty's Government were obliged to review the conditions then existing, and it was laid down, with the consent of both parties, that the conditions had changed so materially, since the treaty was originally signed, that the Government would be justified in denouncing it. The treaty was denounced in 1924, and a new treaty substituted in its place. Without any question of going back upon one's word, I say, this parallel case is one which the Government of India might well investigate. When the treaty of 1865 was arranged with Bhavnagar, nobody could have anticipated the enormous development which has since taken place. Nobody could have anticipated the serious diversion from British Indian ports, which was rendered possible by the provision with regard to retaining the duty on even those goods which cross over into British India. Therefore, the time has arrived when an approach ought to be made to the Bhavnagar Durbar with a view to reviewing the existing conditions and finding out whether an arrangement more equitable to both sides could not be arrived at. In this connection, without charging the Bhavnagar Durbar with any

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malpractices, I desire to bring to the notice of my Honourable friends how evasion of duty can be carried out even in the territories of Bhavnagar. Here is an example given to me:

Goods are packed in travelling trunks from Rajkot, Porebunder and Jetpur, etc., and smuggled to different places in the following manner:

A number of men start from any of the above places. Out of the group, one man leaves a day earlier and goes to Bhavnagar. The others start the next day with tickets from Dhola Station each with a trunk as their luggage containing Japanese tafettas, or other highly tariffed textiles. At Dhola Station, which is a junction, goods are not examined if a person does not leave the station. The one man who had previously left for Bhavnagar meets the remaining people of the party at Dhola with tickets for all of them to Ahmedabad. The whole party leaves for Dhola by a train which arrives at Ahmedabad at 8 A.M. *via* Dhundhuka and Sabarmati. At Ahmedabad, there is no examination of goods for passengers coming from Bhavnagar and from there goods are easily despatched to different places in British India.

The question that the Government of India have to examine in this connection is, whether on account of the immunity enjoyed by Bhavnagar, goods are not taken to junction stations in Bhavnagar and then find their way across the frontier into British India without any examination or without any question of refund of duties. The arrangement with Bhavnagar is, or should be that only goods coming from the port into British India would be allowed free of duties. I do not think the arrangement goes beyond that and contemplates that goods which find their way into Bhavnagar territory from other Kathiawar States could go across to British India without having to fully account for the customs duty which would be ultimately payable.

Sir, I recognise that the remedy may not be very easy in view of the constitutional position of the Government of India *vis-a-vis* the Indian States. My submission is that the time has arrived for making a re-arrangement of the treaty relations between the Government of India and these States, and that the Government need not wait for Federation to come into existence before tackling a problem which is becoming such a menace to Bombay and British India generally. There are certain steps which can be taken immediately without creating any conflict with the States. In the first place, in view of all that has been going on, the Government of India are fully entitled to insist that the customs administration of the Kathiawar ports should be put upon the same basis as that of British Indian ports, and that every check which obtains in British India should also be exercised at the Kathiawar ports.

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

I will go a little further and say that the Government of India are fully entitled to insist that they shall have British Indian customs officers at the Kathiawar ports. My next suggestion is that the Viramgam cordon ought to be tightened up, that goods ought not to be allowed to pass into British Indian territory merely on the production of a certificate that they have paid duty at the Kathiawar ports. Goods should be properly appraised in exactly the same fashion as they are at Bombay, Calcutta, Madras or Rangoon. My last suggestion is that the customs barriers at Cutch,

Pondicherry, Ras Bela and other places should be strengthened, regardless of any increase in the cost that may be involved. After all, one consignment, such as I have indicated, would more than make up for the extra expenditure which the Government of India would have to incur in properly staffing the customs lines at the various frontiers. Sir, the position has become very serious so far as Bombay is concerned. There have been something like 24 crores of rupees spent on the Bombay Port Trust. Not a pie of that expenditure has been incurred without the sanction of Government. During the War, when Bombay became the base of all the operations in the East, enormous sums had to be spent in enlarging the facilities of the port, and these sums were spent at a time when materials were abnormally high. The result is to be seen in the accumulation of debt charges which today stand at a figure of 1,23 lakhs of rupees out of a total revenue of something like 2,48 lakhs of rupees. The Port Trust have not been sitting idle while trade has been vanishing; they have retrenched in the last few years to the extent of something like 44 lakhs of rupees in those items of charges which are under their control. Nothing, of course, could be done in respect of the debt charges which are exactly half of the revenue. At the same time, the charges against the trade have not been raised for years together, and today the ratio of working expenses of the port to income is the lowest of all the major ports and stands somewhere in the neighbourhood of 51 per cent. Sir, the Port has shown every anxiety to meet the altered situation and has done everything possible to effect economies, to put its house in order, to use a phrase which is so popular in this House. What are the Government of India going to do? When I appeal to them to come to the rescue of the Port Trust, to restore to Bombay the trade which legitimately is hers, I am not putting it on the ground of charity, I am putting it on the ground of the barest justice. We can stand on our legs, but we require to be protected against the practices which are not legitimate. By all means, so far as the Kathiawar ports are concerned, let them derive to the fullest any advantages which they may have in respect of their more favourable position or their cheaper costs in certain items, but the Government of India's bounden duty is to see that when we are threatened with a competition which is not fair, every possible assistance is rendered to the port and to the City of Bombay, which has suffered so greatly through the inroads of the Kathiawar ports. This heavy capital expenditure of 24 crores, as I have said, has been incurred with Government sanction. Is my Honourable friend prepared seriously to examine the question as to what relief he can give in respect of the debt charges? Is my Honourable friend prepared to take immediate action to see that trade is not filched from Bombay and its port by means which are grossly unfair? I have said enough. I would very much like my Honourable friend, when he replies, to indicate what action the Government of India are prepared to take in this matter. Today, it is the turn of Bombay. Tomorrow it will be the turn of other ports. There is enough to indicate that that turn is coming. Above all, the Government of India themselves are losing revenue. Why are we in British India submitting to all the exactions made upon us if we are not going to get the fullest return out of it in the shape of increased revenues? We do not want our sacrifices to be exploited by the States, and, in the interests of Bombay and its port, in the interests of other ports, in the interests of the revenues of the Government of India, immediate action is called for, and I hope the Government of India will not be found wanting in taking that action.

Mr. B. Das: Sir, when my Honourable friend, Sir George Schuster, returns to England by the middle of May and returns to the City Finance of London, there will be various banquets in the City Financial Circles of London, and he will no doubt meet Sir Basil Blackett who will ask him: "Well, how did you leave the Indian Finance?" The Finance Member will reply: "Well, that little baby, the 18d. ratio which you left me, took all my time these six years. That baby was not to my liking, but I had to feed, clothe and nurse that baby. I had many sleepless nights over that baby. With a view to nurse it, I had to scroop all the gold out of India to the tune of 180 crores of rupees. Not only that, I raised heavy taxation out of the poor Indian agriculturist who has nothing left in his home. Anyway I can tell you, Sir Basil, that the baby is now a strong and hefty boy and I had to take precaution that nobody would kill him". This, in short, is a review of Sir George Schuster's career in India during the last six years.

Now, Sir, in spite of his fondling that baby, he himself has taken the credit that he has improved the financial position and the credit of India. I can concede to him, as I conceded before, that he has to a certain extent improved the financial credit of India. But at the same time I must say that he has not devised a scientific system of taxation for India whereby his successor will be happy in his position. The other day I asked him the question, but I did not get a reply thereto, as to whether it was not time for the Government to appoint a Committee to inquire into the evasion of income-tax by the multimillionaires and other rich people. My Honourable friend, Mr. Mody, illustrated the ingenuity of a certain Parsi gentleman in smuggling silk and sugar into the Janjira State. Now, what has the Finance Member done to prevent the evasion of taxation, particularly income-tax on the high levels? If a Committee is soon appointed, I think, Sir, the income-tax figures will go up by three or four crores and then this House will be justified in reducing the income-tax on the low levels and raise the taxable income to two thousand rupees. Sir, I also suggested and many others suggested on this side of the House that the gold exports should be taxed, but we have got no reply, and I do hope the Honourable the Finance Member will reply whether he will tax gold exports and thereby secure a goodly income for the Government of India.

Sir, I have already stated and I again state that the time has come when excise duties will be a general feature in the taxation scheme of the Government of India and also specific duties would be another feature. Sir, I find, working on different Select Committees, that in connection with the taxation proposals specific duties have come to remain a feature. I would advise the Honourable the Finance Member to appoint a Committee which will call forth evidence from all the Chambers of Commerce, Indian as well as European, as to what is their idea about a proper and scientific scheme of taxation, so that the Government of India could balance their Budget without running into deficits. Sir, if the newspapers are to be trusted, the various Chambers are shouting hoarse that such and such a duty should not be levied, that such and such a taxation is immoral or is injurious to the trade and industry of the country. So I think Government ought to appoint a Committee and ask the Chambers of Commerce to bring forward their alternative proposals. If, for instance, they want heavy protection whereby our customs revenues are bound to go on

diminishing and deteriorating, then would it not be put right and proper that they should pay on the basis of their profits for the upkeep of the Government? Sir, so far, Government have not brought forward any suggestions, and they ought, therefore, to appoint such a Committee; and probably when the scientific system of taxation is devised, then the poor classes will be relieved, to a certain extent, of taxation which they are now bearing on behalf of the rich.

Sir, I would like to know from the Finance Member the position with regard to the collection of the excise duty on matches and the excise duty on sugar from the 1st April. When my Honourable friend introduced the Finance-Bill, he said that these taxes would be collected from the 1st April, but I find from the progress of these Bills that they cannot be passed before the middle of April or so. I would like to have a reply whether he is taking steps to collect these excise duties from the 1st of April. Then, my Honourable friend, the Finance Member, calculated that he is going to get a very heavy amount from the excise duty on matches. Now, the duration of interval he has allowed to the match manufacturers has enabled them to work day and night at high speed. They have so flooded the market that I think for the next year they need not manufacture any matches and India has got enough stock to last for nine months to one year. So the Finance Member in his hurry to collect more taxes has given a chance to these exploiters to go on exploiting not only the Government, but the consumers, because I find that in the Bazaars matches are selling at almost the same price as they will sell when the match excise duty will actually be levied. So, not only consumers have been deprived and exploited by these match manufacturers, but the Government are going to be exploited for nearly a year, and I do want to know whether the Finance Member, when he designed his new scheme, thought of that eventuality and how he is going to collect the sum which he had budgeted for.

Sir, I would like the Honourable the Finance Member to explain the debt position of India a little more in detail than he did. He has taken a great deal of pains in explaining the position in his Budget speech. I tried to understand it as far as I could, but I find there are certain loopholes which are beyond my comprehension, and I would like him to explain the position. Sir, I would like him to tell the House whether he has left out any unfunded debt which is not included in the Explanatory Memorandum at page 43; and I do hope there is no other uncovered debt left.

The Honourable Sir George Schuster: This is a complete statement.

Mr. B. Das: I am glad to know that, but I shall come back to it later on. But what is the most alarming feature is that now, during the six years of the regime of the Honourable the Finance Member, he has drawn very largely on the public for his various needs. As regards the Post Office Savings Banks deposit, when he took charge in 1929, the deposits were 34.49 crores. They have now become 52.5 crores. Cash Certificates were 32.3 crores. They are now 63.44 crores. Then the Provident Funds and the other funds, of which we heard so much in the evidence before the Joint Parliamentary Committee, were 60 crores in 1929, and they have now become 82 crores. As regards this particular latter item, I would like to inquire from the Finance Member as to whether the Provident

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Funds and all these family pension funds for the services have not already reached the saturation point. I find that every year they are going up by five crores or so. I ask—how long will these funds go on increasing, because the Government were there and those funds existed also before my Honourable friend came. How is it, I ask, that these funds are increasing every year?

Then, Sir, when the Honourable the Finance Member took charge, the amount in the Depreciation and Reserve Fund was 31 crores, and now it has become 15 crores. Leaving aside the Depreciation Fund, he has drawn Rs. 71 crores from the public to meet his own expenditure. Not only that, in the last item on page 43, I find that when the Finance Member came, there was an unproductive debt of 170·71 crores which has become now 207·83 crores. That means that the Honourable the Finance Member, during his six years of management of India's finances, has added nearly 38 crores to India's unproductive debt. The previous Finance Members, since 1914, went on adding up the non-productive debt only to meet their Budget deficits, and the Honourable the Finance Member has added up by nearly 38 crores to the non-productive debt of India during the last six years.

Then, Sir, I would like to see information from him about the conversion loan. The other day, in reply to a question asked by my Honourable friend, Mr. Lalchand Navalrai, he said that all the War Loans had been converted, but I find that there are certain sterling loans of the Government of India which bear interest charges at six per cent, 5½ per cent and five per cent which have not yet been converted. Sir, England has converted all her loans bearing high interest into loans bearing low interest.

The Honourable Sir George Schuster: My Honourable friend is entirely incorrect. England converted such loans as she was entitled to repay. If I have a loan which I can repay at any time between 1929 and 1947, obviously I can force the conversion on the public. If I had a loan which is not re-payable until two or three years, I cannot force the public to take a lower interest bearing loan without the consent of the British Government.

Mr. B. Das: My point is that if the British Government did the same, we, being, the junior partner of the British Empire, could have asked the

The Honourable Sir George Schuster: But the British Government did not do the same. They have been able to convert the loan which was due for repayment.

Mr. B. Das: I am grateful to the Honourable the Finance Member for this elucidation that England did not convert all her loans. Then, last year, in 1933, the Honourable the Finance Member took loan in India at the rate of 3½ per cent and he also floated a loan in London at the rate of four per cent. I should like to know why he did so when cheap money is available in India.

Mr. B. V. Jadhav: It caused a setback to the loan here.

Mr. B. Das: Yes, I agree with my Honourable friend, Mr. Jadhav, that it caused a setback here.

Then, Sir, my Honourable friend, the Finance Member, has been able, after six years, to provide only three crores for the reduction or avoidance of debt. In 1931, we raised a debate, and, before that, Mr. Jamnadas Mehta also raised this question that the seven crores that was being provided yearly was rather too heavy a sum. The other day, in reply to the general debate, the Honourable the Finance Member pointed out that the reduction in provision from Rs. seven crores to three crores did not in any way lower the credit of India, rather the prices of Indian loans and stocks in London had gone up. If that be so, why was not this thought out before, and why such heavy sums were provided in the past by means of heavy taxation?

Then, Sir, my Honourable friend, the Finance Member, said that in future the Finance Member would draw 30 crores on the public in the shape of treasury bills. He also said that 17½ crores of treasury bills had been debited to the Paper Currency Reserve. Thus, the Honourable the Finance Member has taken away nearly 100 crores of money which would have gone to the public for the development of the industries of India. Sir, if the Government of India devour all the savings that the poor people of this country can save in these hard times and in these days of economic depression, then the industries in India and the trade and commerce of India cannot get money at cheap rates. The bank interest may be cheap, but the ordinary commerce and industry does not get money at cheap rates. I consider that the Honourable the Finance Member has drawn too heavily on the public during the last six years.

Then, Sir, I would like to know from the Honourable the Finance Member what is the loan policy of the Government of India towards the Indian States. We find that every year Indian States are taking more and more money and some of these States are well known as bankrupt States. Sir, the credit of the Government of India and of India as a whole is lowered when bankrupt Indian States take loan from the Government of India. The Bahawalpur State took from the Government of India a loan of 11 or 13 crores for the Sutlej Valley Scheme, and the Government of India were considering to remit a few crores of that heavy loan. I know that the Bahawalpur State has not been able to pay any interest so far and it is piling up.

Then, Sir, I would show presently that the Honourable the Finance Member's policy of capital expenditure has not been based on sound finance. As an example, I will mention the Vizagapatam Harbour in which my Honourable friend, Mr. Raju, takes so much pride. Even in this year's Budget, I find that there is a provision of nearly 18½ lakhs of rupees for the Vizagapatam Harbour. I am not exactly sure of the figure. The Honourable the Finance Member knows and the House knows also that the Vizagapatam Harbour will never pay more than 15 per cent on the money that is invested on that Harbour. That is the view of those who are controlling it.

Mr. B. Sitaramaraju: Have you got any reason to advance in support of that statement?

Mr. B. Das: My Honourable friend, Mr. Raju, does not know that originally it was estimated to spend only two crores on the Vizagapatam

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Harbour, and now the capital expenditure has gone up to four crores, and, in the statement that Government put up before the Public Accounts Committee, it was shown that the investment will not earn more than 15 per cent.

Mr. B. Sitaramaraju: If my Honourable friend applies his mind, he will find entirely the cause. It is because that Bombay and Calcutta think that they will be affected, this trouble has arisen. All I would like to say is that Vizagapatam be given a fair chance to develop her Harbour without any interference from the Chambers of Commerce and people like them who are interested.

Mr. B. Das: My Honourable friend entirely misunderstood me. I am stating that the Government based their capital expenditure on wrong calculations and on wrong estimates. The Vizagapatam project was estimated at the outset to pay $3\frac{1}{2}$ to four per cent, but now the capital expenditure shows that that project will never earn more than 15 per cent. I hope I have satisfied my Honourable friend, Mr. Raju.

Now, I would like the Honourable the Finance Member to say something about these Family Pension Funds and all those funds about which so much noise was made by the Service Associations in London when they gave evidence before the Joint Parliamentary Committee. May I ask the Honourable Member why these funds should bear interest every year at the current rate of interest of the Government of India. I find from the Gazette of India of the 17th March, 1984, that these funds—fourteen of them are mentioned—have to bear interest at the rate of 5.25 per cent. If the Government of India today can borrow money at $3\frac{1}{2}$ per cent, I should like to know why these funds of the services should be paid at such a high rate. My Honourable friends of the services claimed in London that they had no trust of the future Indian Government that they would pay their pensions properly, and, I ask, why interest at 5.25 per cent should be paid on these accumulated funds when money is available very cheap,—not to me, but to the Government of India—at $3\frac{1}{2}$ per cent.

The Honourable Sir George Schuster: I wish to explain the position. In the first place, these Provident Funds are almost entirely held on behalf of Indian officials of the Government. Secondly, as regards the rate of interest, the rate of interest which we pay is calculated according to the Government's average borrowing rate for the five preceding years. Therefore, at a time when the rate is coming down, the Provident Fund gets the benefit. We have not yet got on to low average rates. On the other hand, when the rates of interest were going up, the Provident Fund suffers. It works out on the whole fairly for both sides.

Mr. B. Das: I am not so optimistic as to believe that the fund will bear interest at four per cent or $3\frac{1}{2}$ per cent during the period of five years. These are the few remarks that I have to make on the debt position of India.

There are one or two points which affect my own Province of Orissa. My Honourable friend, Mr. Raju, talked so much about the benighted Province from which he comes, but I do not know how we can call Madras a benighted Province when I find, from the Honourable the President

downwards, everybody is such a good champion of the cause of Madras. I am not envious of that. On the other hand, I find great joy in seeing them. I have myself most intimate and pleasant connections with Madras. I asked in my Budget speech as to what happened to the Orissa canal debt. It seems there are some non-existing canals which are still on the books of the Provincial Governments and they are made to pay interest as those debts. I do not know whether the Honourable the Finance Member will write off those debts from the book, because it is no use compelling the Government of Bihar and Orissa or the Governments of the U. P. or the N. W. F. P. to pay debts on canals which do not exist or which were built to be navigation canals, but which are now shown as irrigation canals. I wish just to refer to one other point. The other day, my Honourable friend, Sir Cowasji Jehangir, waxed eloquent over the woes of Bombay to which my Honourable friend, Mr. Mody, gave testimony also today. Of course, one likes to hear the groans of our Bombay friends, because it is a pleasure to hear them. When I raised a debate on the Federal Finance on the floor of the House, my Honourable friend, Sir Cowasji Jehangir, who was a party to the different Round Table Conferences, was afraid of facing the issue. He said that the future was in the laps of gods, and he asked me why I raised the issue of Federal Finance. Just four days thereafter, my Honourable friend cried hoarse and said that Bombay must get relief, and my Honourable friend, Mr. Mody, today wants to get relief for Bombay and the port of Bombay as against the Kathiawar ports, and he wants to have a full field for Bombay, because merchandise is diverted from Bombay to Kathiawar Ports. I have a good deal of sympathy with Mr. Mody's point, but when my Honourable friend, Mr. Mody, advises the Honourable the Finance Member to compel these Indian States to spend more money on their customs management, I do not agree with his views. My views are well-known. I do not like these Indian States at all. But, at the same time, if today I am willing to swallow the bitter pill of Federation, though against my will,—my Honourable friend, Mr. Mody, has been a party to it from the outset—how can I advise the Government to compel the Indian States to adopt the same method of collection of customs revenue as it exists in British India? I have my sympathy with the Bombay Port. But other ports, such as Travancore, Cochin and Kathiawar, must prosper, and when they are dishonest, the Government of India must exercise their power of control and superintendence and sovereignty, so that these Princes do not profiteer and exploit the resources of British India.

I started my speech by talking of a baby which my Honourable friend, the Finance Member, nursed, and that is "the 18d. ratic baby", and he is leaving behind a sturdy baby which nobody could harm. I will now conclude my speech with the tale of another baby.

The Secretary of State, in his speech at the Third Round Table Conference, on the 24th December, 1932, announced and heralded the birth of that baby—the new Orissa Province, and said that the new Province would soon come into existence. Since then, doctors and nurses and guardians in the shape of the Hubback Enquiry Committee have sat and they have recommended that the new capital for Orissa, also the provisional capital, should be built and they also recommended that the necessary expenditure should be provided. This Budget does not provide any expenditure for the provisional capital of the new Province of Orissa. I do hope that the Government of India will realise their deficiency in the matter

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and will provide adequate funds, so that the new heralded baby will grow into a lusty baby, and, so that, in future, I will represent here the Orissa Province just like other friends from Bombay and Madras and not remain as at present as the tail end of my Honourable friend, Mr. Gaya Prasad Singh, from Bihar.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I wish to say just a few words on the Finance Bill which, I believe, will be passed very soon. Sir, the Honourable the Finance Member, in one of his speeches, said that this Bill, except for one or two items which are the subject of separate Bills, this Bill was in the main a non-controversial Bill, and, therefore, there was not much need for him to explain its different clauses. Sir, I remember when in September, 1930, he brought in his emergency Finance Bill, we were all taken by surprise and the country could hardly believe what it was in for. About three years have elapsed since then, and we are now asked by the Honourable the Finance Member to say that this is practically the normal state of things now and that we must be prepared to go on passing the taxation that he is proposing for the third time this year. He says that the economic depression still continues all over the world, and, therefore, India also must go on meeting this emergency. But, Sir, one would have expected after these three years that the Honourable the Finance Member would be in a position to tell us if there was any prospect, so far as this great country is concerned, for its finances to improve, so that the trade and business of the country might revive and the people of India, who were the poorest on earth, might get some relief. He has given no relief except perhaps to the extent of five lakhs in the matter of the hide export duty. My Honourable friend has not even held out any sort of prospect. He has given us a very useful and interesting discourse on economic planning for the future. Even that comes only to this that the Government of India are contemplating and have already engaged some experts in order to put their Statistical Department in order. But is that all that is wanted in the situation? Is not the Honourable the Finance Member in a position to tell us what his own view of this economic depression, so far as it affects India, is? Are we to wait till the whole world's economic condition has improved?

So far as one can judge from the facts, there are certain features in the present world economic depression, as it is called, which are not likely to be removed for a very long time. For instance, the general complaint is that there is over-production in certain products, specially the primary products. Now, India is a debtor country and has to pay a very substantial amount in interest charges, and, therefore, it is necessary for her to maintain a favourable balance of trade. She cannot go on indefinitely, as my Honourable friend opposite himself recognises, exporting gold, because there is not an indefinite amount of gold in the country. Now, I put it to him that if countries like Canada, Australia, the United States and the Argentine also produce grain and other primary products on a scale for which there is no adequate market, how is India going to balance her Budget in the future? How is India going to meet her obligations? I should have liked to learn from him, who certainly has a full grasp of the economic and financial situation of the country, what really are the chances of India improving her financial position, which undoubtedly is based on the economic position of her people? My Honourable friend has been telling us repeatedly that India's credit stands very high, it stands higher than most countries, and he, therefore, congratulates us upon that fact. India, he

says, is able to balance her Budget which few other countries in the world are able to do. But is that the only question before us? In a country like India, you can balance the Budget by means and methods which may mean untold misery to the people. Surely no one recognises that better, I am sure, than my Honourable friend himself, that balancing the Budget in a country like India, in the circumstances in which the country is placed, does not amount to very much. Are we to assume that India must for ever remain a debtor country? Are we to assume that we must go on paying 10½ or 11 crores every year in interest charges? Are we to assume that we are not in a position to develop the resources of the country sufficiently in order to make India entirely self-sufficient? It is an elementary fact as regards this country of ours that nature has heaped on her all resources, but it is also an unfortunate fact that those resources have not yet been properly developed, and I see that no promise has been made by the Honourable Member that anything is going to be done or there is any chance of anything being done which would enable India to stand on her legs. I for one think that the economic depression is not everything that accounts for the position in India. We have our own internal difficulties, that is, difficulties which handicap the growth of industries in this country and keep the purchasing power of the people at its present low condition, so much so that it is not possible for India to regain her prosperity unless there is a complete overhauling of the Government's financial and economic outlook. Sir, this is not the time when one can dilate upon a point like that, but I must say that this last Finance Bill of my Honourable friend does not hold out any prospect of improvement in the financial position of India, no improvement at all of a lasting character. All that the Finance Member is able to tell us is, let us wait and hope for better times. Sir, with all the resources at his command, with the vast and unlimited resources of a country like this, I do not think he really can expect us to be satisfied with the maxim, wait and see. I think it is up to the Government of India to take the necessary steps, in order to put the country in a proper solvent condition, in a financial condition which will enable the Government, not only in the Centre, but also in the Provinces, to do something for the uplift of the people. The difficulties are well known.

As regards the economic condition of the people, I believe the economic condition of the Indian people is the most unsatisfactory of any country comparable to India. We know what the health conditions of the people are. We know that there is really no education among the masses of the people; hardly even 20 per cent. can be said to be literate. So long as this condition lasts, what is the chance of India attaining any sort of position among the civilised nations of the world? We all want provincial autonomy. We want the Provinces, most of which are as big as any of the countries of Europe, to be self-contained regarding their finances and economic resources. At present the Government of India have direct control over the entire resources of the country; but, so far, those departments whose activities ought to be directed towards the uplift of the people and the improvement of their living conditions have been made over to the Provinces, with the result that those departments have been crippled.

We have heard a great deal of acrimonious debate regarding certain Provinces including mine, and my Honourable friend has asked us to devote our special attention to the question of distribution or allocation of half the export duty to Bengal, Bihar and Assam. I should be very sorry indeed to be trapped into a controversy like that. I wish my Honourable friend had explained a little more clearly what he really wants of us, what is the

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point on which he wants our advice or wants us to express our definite opinion in this matter. I should have thought, that, so far at any rate as the Government of India were concerned, and my Honourable friend was concerned, the matter had been concluded a long time ago. At the sittings of the Round Table Conference, it was absolutely and finally decided, that half at least of the export duty must be given back to Bengal, though Bengal has been claiming and still claims, and, I am sure, she will go on claiming that that duty entirely belongs to her and to her alone. I do not wish to go into the facts and figures which have already been cited, but I want to point out one set of figures which, I think, Honourable Members will consider are very significant and do support the claim of Bengal that at least this much relief must be given to her. In the Simon Commission's Report, it is pointed out that, in the year 1926, the total revenue raised in Bengal was 35 crores; but the Central Government took away from that 24½ crores, leaving only 30 per cent. of her revenue for the benefit of the Province. What are the facts regarding other Provinces? The United Provinces got 78·4 per cent: Madras 69 per cent: Bihar and Orissa 92·8 per cent: Punjab 85·9 per cent: Bombay 40·7 per cent., i.e., at least ten per cent more than Bengal: Central Provinces 90 per cent: and Assam even 85 per cent. Therefore, on the basis of these figures, can it possibly be denied that there is a complete justification for the claim of Bengal that this export duty should be given to her? As a matter of fact, I think it is the general opinion of this House that export duties of this character are really bad and they can be only justified by need for revenue. If there is a surplus produce which the country cannot consume the country ought to be permitted to export that surplus produce and realise whatever it can for it. Now, jute is entirely a monopoly of Bengal, and, according to well-known economic principles, the duty on it really ought to belong to Bengal entirely; but, I believe, it has been settled that one half of it must be allotted to Bengal to relieve her of her present economic distress from which she has been suffering from year to year, and which the figures cited by my Honourable friend amply prove. I submit that this question ought now to be treated as beyond all controversy. I wish also to mention in this connection that people, who talk of Bengal and suggest that Bengal has not been doing enough to put her finances in order, are really no cognisant of the facts. Since 1929-30, Bengal retrenched to the extent of about a crore—to be exact, Rs. 94½ lakhs—and only the other day I think the Bengal Government have retrenched to the extent of Rs. 40 lakhs. That does not show that Bengal has been extravagant. As regards the charge of extravagance that is levelled against Bengal, the very figures cited by my Honourable friend, Mr. Raju, show that Bengal is the worst off of all Provinces with perhaps the exception of Bihar. The expenditure per head of people in Bengal is 2·5, while in Madras is 4·2, United Provinces 2·7, Burma 8·6, Central Provinces 3·8, Bombay 8·8, Punjab 5·5, Bihar and Orissa, which is in equal distress is 1·8, and Assam 3·9. I do hope that the decision which has been already arrived at and the relief which has been promised to Bengal should no longer be a matter of dispute.

There is one other matter which I wish just to refer to and that is regarding the military expenditure upon which I moved a motion the other day. I read with a great deal of surprise and pain a speech that was made the other day by an eminent Member of the other House. I do not want to say anything about it, because I believe it is the well-known etiquette of the two Houses not to comment upon speeches made in one House by

Members of the other House; and I wish certainly to observe that etiquette strictly. I put the question to my Honourable friend opposite and the Army Secretary on the last occasion—was it or was it not a fact that the Government of India put forward certain claims before the Capitation Tribunal, and I asked categorically, is it to be suggested that the Government of India put forward a case which they did not believe in? I should like the Government of India to give a categorical answer to that. If they did believe in their case, and the least amount that was claimed by the Government of India was much larger indeed than the amount of contribution awarded by His Majesty's Government—then, in that case, I should say, we are perfectly justified in saying that the award given by His Majesty's Government on the report of the Capitation Tribunal is not just to us. We ourselves are not in possession of all the facts and materials. Apparently, as we have been told by the Honourable the Finance Member, the matter had been under the consideration of the Government of India and of the Secretary of State in Council, I think, for ten years, or something like that. I know they have been fighting very hard, and we are very grateful to them for fighting so vigorously for us, but surely when we find from the case of the Government of India put before the Tribunal that the award of His Majesty's Government falls far short of our expectations, we are entitled to complain, unless we get a categorical statement from the Government of India including the military authorities that the case which was put forward by the Government of India was a case which they did not believe in. I don't wish to take up any more time of the House. I am prepared to admit that the Finance Member, who will be soon leaving us, has done his best for the country, but there can be no doubt from what we know that he has been acting under very severe limitations. He has throughout not been free to do for India what India demands and what he would have been in a position to do if he had been responsible to us. (Applause.) This is our feeling; this is our conviction, and I hope the day is not very far distant when the Finance Member or Finance Minister who will sit opposite, will have far greater freedom to adjust the finances of the country and to develop the resources of the country entirely for the benefit of the country. We do not grudge Britain to share in the prosperity of India. If India is prosperous, we shall be very glad if Britain also shares in her prosperity, but so long as Britain controls our finances and our political destinies, we expect that Britain must look, first of all, to the interest of this country and not to that of her own country or any Province in Britain

An Honourable Member: This is against human nature.

Sir Abdur Rahim: It is not against human nature. It is surely taking a very narrow view of things to think that the prosperity of India means somehow a handicap to Britain. It certainly does not mean that, and I do hope that the new Constitution, as soon as it comes into being, will at least guarantee that the finances of the country will be entirely in the hands of our representatives. I can assure British statesmen, that if we have the finances of the country in our own hands, Britain will not suffer; on the other hand, Britain will gain; but so long as the conviction remains in us, so long as there is a feeling in the country that our finances are controlled by Britain, that our economic resources are left undeveloped for some fancied benefit of another country, the struggle will continue and no Finance Member will be able to enjoy the entire confidence of this side of the House. I do hope, now that our Honourable friend, Sir George Schuster, is going to leave us, he will tell the Secretary of State and the British

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Government in clear and unambiguous terms that, whatever Constitution they give to India, whatever safeguards they may put into it, they should give poor India a chance to stand on her own legs, to adjust her finances in order to develop her own resources, so that the people of India may have a decent standard of living, some kind of living conditions which is the minimum necessary for civilized life. I do hope, Sir, that my Honourable friend will impress this fact upon the Secretary of State and the British Government.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair understands that there are other speakers anxious to take part and that it will suit the convenience of the House to sit after dinner. The House stands adjourned till 9 P.M.

The Assembly then adjourned for Dinner till Nine of the Clock at Night.

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

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammedan): I am glad to have an opportunity of speaking on the third reading of the Finance Bill. In fact, it appears to me that if we do not have an opportunity of speaking on the third reading, it is a sad state of affairs indeed. It so happened in the year 1931, when the Finance Member did not move the third reading, and he took to other methods to have the Bill passed through, and we look back with sorrow—not that we are sorry for having done it, but as a constitutional question it is a matter of regret that the third reading should not have been moved. So, if for no other reason, at least for that reason we are here to have a third reading of this Bill, and I am glad of this opportunity.

What is the tale that this Finance Bill has to tell us? If one might say, the Honourable Sir George Schuster started with emergencies, and we piled up measure after measure to cope with emergencies, and all those burdens remain. One of the outstanding features of the debate on the present Finance Bill has been the manifestation of provincial jealousies. I wish that these provincial jealousies had not been let loose, but having been let loose, I think it will do no harm if I also look at this matter. (Laughter.) My friends on this side, and my friends from that side have been trying to outbid each other as to who will shriek the most, either Bengal or Bombay, and I do not know to whom to give the pride of place, whether it is Bombay who has shouted the most,—Mr. Mody is not here in his place,—or whether it is Bengal. I feared that my claim might go by default, and, therefore, I will take this very late opportunity indeed to see if I cannot put in a claim on my own. Let us see what these provincial claims come to. Bengal claims that because she has a very low land revenue, a very lucky Province

Mr. Amar Nath Dutt: No land revenue?

Mr. Jagan Nath Aggarwal: Very low land revenue. I think Mr. Amar Nath Dutt will admit that.

Mr. Amar Nath Dutt: I do not admit. I thought you said revenue from lowlands

Mr. Jagan Nath Aggarwal: He is in that happy position that he can snap his finger at the Finance Member of the Government of India and say, you cannot raise my land revenue. They have a huge bill for the police and the C. I. D. and other things, and are, therefore, chronically in a deficit. And what is more? They never discovered that they had a potential source of revenue by levying an export duty on jute till the Government of India, in a moment of brain wave as it were, hit upon the expedient of having an export duty on jute. That brings in such a large and handsome revenue that Bengal says, "We cannot balance our Budget unless that duty or a portion of it is surrendered to us". If the Finance Member were to surrender a portion of this duty or grant a subvention, with which we have become only too familiar, to the Province of Bengal, one might not raise any question, but when it comes to the question of surrendering the revenues of the Central Government which will in future become Federal Revenues, one is bound to look with some suspicion upon a measure of this kind. Now, if one were to translate this in ordinary language, it would mean this, because Bengal has a monopoly of jute, the revenue raised from jute should be handed over to Bengal. Coming nearer home, I might put it like this. The huge salt deposits at Khewra happen to be in the Punjab, and still the Finance Member has never been asked to surrender any portion of that revenue.

Mr. A. H. Ghuznavi (*Dacca cum Mymensingh: Muhammadan Rural*): But salt is to be had all over the world.

Mr. Jagan Nath Aggarwal: But the Finance Member only takes his salt from the Khewra mines; he does not take it from salt scattered all over the world. I know why Mr. Ghuznavi was trying to interrupt. The thing was going to pinch him. The way Bengal puts forward her claim appears to be like this. Here is jute. It gives you good revenue, and because it happens to be in Bengal, surrender it to us. By parity of reasoning—and I do not think the Government Benches will deny the justice of this claim—by parity of reasoning, Khewra happens to be in the Punjab and all the revenue derived from salt must be surrendered to the Punjab

Captain Sher Muhammad Khan Gakhar: To the Jullundur District.

Mr. Jagan Nath Aggarwal: The gallant Captain is going to spoil the game. I am asking for the Punjab, and I know the Jhelum district will have its share, and more than its share with all its martial traditions. If that is so, by parity of reasoning we should have all the profit from Khewra mines handed over to the Punjab. Bombay comes in and Bombay says, we have no jute, we have no fertile field of revenue from any such source, and we should also be given something. If Bombay can take pride of place, she can do so for the reason that they have been able to balance their Budget. All that they have is they have no permanent settlement, and they raise a good deal out of their trade and industry and from their income-tax

Mr. B. V. Jadhav: But the Government of India take away the whole of the income-tax.

Mr. Jagan Nath Aggarwal: Bihar had its claim because of her distress, and Bengal piled up her claim because of chronic deficits.

An Honourable Member: What about Madras?

Mr. Jagan Nath Aggarwal: I am coming to Madras. The next proposition came from Madras and that almost took away our breath. We were told by Mr. Raju that Madras had been milked. I do not know who did the milking. Madras may have done it for her own advantage. Nobody else could have done it.

Mr. B. Sitaramaraju: The Government of India.

Mr. Jagan Nath Aggarwal: They cannot reach there. It is all one way traffic. (Laughter.) I never knew of any Finance Member turning that way and going to Madras to milk it.

Raja Bahadur G. Krishnamachariar: Have you heard of Sir James Meston?

Mr. Jagan Nath Aggarwal: He has gone long ago.

Raja Bahadur G. Krishnamachariar: After taking away the money.

Mr. Jagan Nath Aggarwal: The Raja Bahadur is living on old ideas. This proposition from my friend, Mr. Raju, came rather strange that Madras was having anybody to milk her. If I may be pardoned for drawing a close parallel—I hope the House will pardon me including those who have leanings towards Madras, yourself included, Sir (Laughter), I may say that in the British Empire there is a portion of the United Kingdom which is called Scotland, and that is the closest parallel. Just as the Scotchman has the high road to England as his highest ambition, the Madras man has his ambition towards the north, he is always coming to the north. I have never heard of any one from the north going and milking Madras. You remember the great hue and cry that was raised about the speed of the Grand Trunk Express. Madras is always anxious about trains bringing people from Madras, so that Mr. Raju need not be under any fear that anybody would take away anything from Madras. Madras is there to rule us, govern us, run the accounts, tariffs, and, in the process of doing that, they put something into their pockets. There is no fear of Madras being milked.

Now, Sir, my proposition, so far as the Provinces are concerned, is this, that we should try to see that capital and brains are mobilized for the service of the country as a whole. If any Province has a speciality, certainly it cannot claim that it shall have the whole of the yield from that source of revenue. If any Province has any peculiarity, it should be so utilised as to yield the maximum of income with due regard to all the Provinces concerned. If that test is applied, I look at it like this. Our biggest concern is agriculture and our attempt is to industrialise the country. If we look back during these years we have passed through a period of unexampled economic depression. Agriculturists have been hard hit in every country. Our crops now fetch in most cases only half their value and our exports of certain commodities have practically dwindled to very small proportions. We have heard something with regard to rice.

My friend, Mr. Raju, was at pains to tell us that rice is the biggest item of agriculture in the economy of this country. If that is so, I would only be too glad to give it all the protection that we can afford. It is only yesterday that we read that a question was put to the Secretary of State that if Burma separated there should be no violent wrench with regard to her commercial relations with this country. That is the quarter from which protection with regard to rice will be needed. If Burma is going to enjoy the luxury of separation and she is going to separate from this country, then she should have the disadvantages of separation too. Whoever heard of this proposition that Burma shall separate from India and we shall not be allowed to erect a tariff wall against Burma. Anyway, that is the quarter from which protection is needed, and Government should devise some steps if Burma is going to separate. Now, that is with regard to rice, but it does not concern my Province. I am more concerned with the question of wheat.

I had pointed out on another occasion that the index number had fallen by half, and another important factor is that wheat has ceased to be an exportable commodity. Europe does not need any of our wheat. We can only eat it or send it inside the country wherever we like. That is a problem of the first magnitude, so far as the Punjab and the United Provinces are concerned. If wheat has ceased to be exportable, how is the agriculturist to get the money to pay the land revenue? How is he to get money for his dire needs all through the year? The demands made by the money-lenders and various other classes upon the agriculturist were measured in terms of the price of wheat when it stood high and now that wheat has ceased to be an exportable commodity, the problem that faces the agriculturist is how are you going to give him the surplus cash so that he may be able to live and meet the legitimate demands made upon him? If that is so, I must say that Government have not been able to do much for the growers of wheat. We have heard many a time that the Punjab agriculturist has the ear of the Government of India. I should like to know what has been done for this agriculturist who finds that the ancient trade of agriculture is a losing concern. He cannot make both ends meet. What has been done for him beyond keeping the Australian wheat from competing with the local wheat? He has no home market. If that is so, you must be able to find markets by raising the value of commodity prices or by manipulating your exchange if need be.

Similarly is the case with cotton. Perhaps we are slightly better there; as the result of the Indo-Japanese talk, we have been able to ensure that a certain amount will be taken, but the fact remains that, so far as commodity prices and the realisation of money values is concerned, we are in a sorry way, and, if that is so, one must confess that my Province, which took a pride of place so far as agriculture is concerned, has been in a sorry plight.

Now, Sir, the accumulation of gold about which we have heard so much represents the savings of past years which the agriculturist in the boom years had managed to lay by, and, in these lean years, when the demands of the State cannot be met, the agriculturist turns to that reserve which he had built up, and, to make both ends meet, the agriculturist had to part with his gold all these two years. That is a serious problem which, I am sorry to say, has not been tackled on any definite plan. It cannot be claimed, of course, that a man's reserves should not be parted with. I do not claim that, but the drain of gold at the rate at which

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it has gone on is such a serious problem that the Government of India ought to give greater thought to it that they have. We suggested many a time that there should be an export duty on gold or an embargo put on gold, because, when other countries build up reserves of gold, it was not fair to this country when it is tied to a sterling basis to be losing gold at the rate at which it was losing and I feel that, so far as the Punjab and the United Provinces are concerned, they have lost most of their gold and this gold has been drained away to foreign countries.

If that is the state of agriculture, on the industrial side my Province has fared even worse. The great mass of the people living on agriculture started little banks and took some interest in industry and what do we find? Either due to the mismanagement of the finances or the depression, the Banks are in a sorry plight; some other concerns have failed and the latest venture on the industrial side in the Province was sugar, and this nascent industry is again in a serious plight because of internal competition and because of the excise duty which we find facing us in the next Bill that will be before us soon. If that is so, one would find that the small industries of this Province do not find much that is encouraging and may find themselves in a sorry position in a year or two hence. Sir, we have not much of textiles in the Punjab. The Punjab is not the place for that, and Bombay is the only place for textiles, it would seem. There is the flour industry which is not in a happy way either. Similarly with regard to sugar.

Now, if that is the state of affairs with regard to the industries also in this Province, then, my fear is that we are in a bad way, both with regard to agriculture and with regard to industries, both in the matter of some that had been started sometime ago and others that are slowly coming into being. If that is so, one has to look back to the financial situation with a certain amount of despair. What, Sir, do we find? Among the items of income, we find the railways are not paying, they have long ceased to pay anything to the State; the opium revenue is gone, and what have we? Income-tax and super-tax are rising higher and higher, and the customs tariff is manipulated till from a modest 8½ per cent and five per cent, we come up—thanks to Mr. Mody—to 75 per cent! (Hear, hear.) Sir, if that is so, then it is no wonder that those small items have been almost ridden to death. We have gone on manipulating those two sources of revenue till those upon whose backs these burdens have been laid are unable to bear them any longer.

Mr. Mody told us that the Kathiawar ports have diverted the trade of Bombay, and he also told us that the Government of India had these Kathiawar ports forced to their notice somewhere in the days when a treaty was made with the Bhavnagar State. Sir, if one were to be quite correct, Mr. Mody and his ancestors had discovered these Kathiawar ports long, long ago, because when the Parsis first came to this country, it was the Kathiawar ports to which they turned. (Voices: "No, no.") Anyhow, if my friends cannot accept the theory that it was to the Kathiawar ports that the Parsis first came up, I looked up the reference and I find in the Encyclopædia Britannica the following passage:

"The Parsis, the followers in India of Zoroaster, being the descendants of the ancient Persians who emigrated to India on the conquest of their country by the Arabs in the eighth century. They first landed at Din in Kathiawar, (A. D. 76)."

An Honourable Member: Probably that Kathiawar was bigger than the present one.

Mr. Jagan Nath Aggarwal:

"And 19 years ago moved to Sanjan on the coast of Guzerat, where the Hindu rulers received them. To this day their vernacular language is Guzerati. Their settlement in Bombay dates from 1640."

Now, Sir, this is a queer proposition that my friend, Mr. Mody, was trying to force down the throat of the Government of India. Here are these princes who happen to have ports on the sea. Nobody can stop them or prevent them from having commerce, but what my friend, Mr. Mody, wants is not that we should have a customs line; what Mr. Mody wants is to have our own customs establishment or something like this in other ports. Sir, it is difficult to see how that can work.

An Honourable Member: Why not?

Mr. Jagan Nath Aggarwal: Well, my friend, Mr. Mody, and his ancestors had discovered these Kathiawar ports long, long ago, they discovered the virtues of those ports, and if they are carrying on trade across the border, he should take steps to catch them.

Mr. H. P. Mody: My ancestors were honest men.

Mr. Jagan Nath Aggarwal: That is a different proposition—I am not accusing any one. I say, it is too much of a practical proposition for Mr. Mody to say that these people cannot have commerce in those ports again. All I say is that these people would be soon coming into the Federation and we shall then have an opportunity of coming into line and then discovering means with regard to having regulations on matters of customs and tariffs, but so long as that is not done, I do not see by what processes—unless you were to arrange it by treaty—you can again impose your customs rules and regulations on another State. That is asking really too much, and, in fact, even Bombay would not be able to ask us to disregard the sovereign rights of other States.

An Honourable Member: It can be done by treaty.

Mr. Jagan Nath Aggarwal: I know it can be done by mutual treaties.

An Honourable Member: The Government are doing it in the Sugar Excise Bill.

Mr. Jagan Nath Aggarwal: That is a forerunner of the Federal Constitution, and, in fact, that would be our grievance, that you are practically doing well in advance of the Federation what we should have left to them to do, that we in respect of certain matters are practically stealing a march over the Federation. We should, I think, really have allowed these things to take their natural course when we came to that state.

Mr. B. V. Jadhav: We might have our customs officers there.

Mr. Jagan Nath Aggarwal: Well, things like these, Sir, keep the princes away from the Federation, and I do not wish anyone in this

[Mr. Jagan Nath Aggarwal.]

House should indulge in such talk that we can force any customs regulations on the princes or disregard the treaties with them. There is no point to be gained by trying to force the pace of things. (Hear, hear.) If Bombay has got her port dues at such a high rate, well, that must drive away her commerce; she must put her house in order (Hear, hear), and Bombay has to learn the obvious lesson just as everybody else has to do it.

So far as one can see, Sir, the situation from the economic point of view is gloomy enough, but our difficulties are aggravated, as my friend, Mr. Das, has said, by the various small infants that have come into being. My friend, Mr. Das, has referred to two. One, he said, was left by Sir Basil Blackett, namely, the eighteen pence ratio—the infant that has grown up and been nurtured by the present Finance Member—and the other was his own infant Province of Orissa for which he was looking for a subvention, and perhaps, not finding it in the Budget, he got disappointed. But, Mr. Das should not have forgotten that there were other infants—some are prattling, and some of them are about to be produced in this House. (Laughter.) Now, one such infant is the North-West Frontier Province which gets a huge subsidy, another is Sind which also is expecting a large subsidy, and another Province,—someone is busy with it,—is to be created. My friend, Mr. Ranga Iyer, is going to be responsible for another Province. Well, Sir, the tendency has been to multiply Provinces and build up deficits and nobody has taken the trouble to see where all these deficits are going to be met from.

My friend, Mr. James, pointed out that there should be planned economy. I say, it should be planned money. All that we need is an attempt to restrain the huge deficits that are being piled up by the multiplication of baby Provinces. We should wait for another time.

Mr. B. Das: There will be another Basil baby.

Mr. Jagan Nath Aggarwal: As I said, Sir, our attempt should be not to fritter away our resources at a time of great economic crisis, and my friend, Mr. Das, has chosen a very bad time indeed for bringing his baby into the world. At this time, restraint on our part will be all to the good. Our attempt should be, if I may say so, to pursue a bold policy with regard to agriculture by which we might be able to see that we have made the agriculturist feel that agriculture is a paying proposition. It may not pay very much, but certainly the man should be able to make both ends meet. We should see that his spare time is utilised in small cottage industries or in some other ways, because he is one of those people who are not engaged all the time. For this surplus population, we should have a bold economic policy by means of which we may be able to mobilise the capital of the country and to afford opportunities of employment for the capital and the labour of the country. I hope that if some of these things are attended to, we may be able to feel that these burdens, which have been piled up, may be lifted from the backs of the people. Otherwise, if we go on at this rate, adventitious things like the export of gold could not be able to help us for long.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the Honourable Member, who, I believe, is still the Deputy Leader of the Democratic Party,

Mr. Jagan Nath Aggarwal: I am not.

Mr. C. S. Ranga Iyer: He says he is not. Obviously they have found him out. (Laughter.) I thought he would have left my poor Province alone, the Province of which I have been dreaming and about which I shall be speaking some five or six days after, the Province of Malabar. Little could I imagine then that the Member from the Punjab was afflicted so early in the night by a nightmare. I thought he would at this hour of the night, though the night is young, taken a cheerful view of things, of the coming Federation and the young Provinces that naturally ought to come into existence. I do not want to make this the occasion to deliver a speech on the necessity for the separation of Malabar from that octopus, called the Madras Presidency. But when he was just trying to measure swords with Mr. Mody and justifying what some people apprehend to be a form of smuggling going on through a neighbouring port, smuggling into this country goods which ought to pay the tax that is paid elsewhere, when he was trying to defend a very indefensible position, I thought he was developing a very gloomy outlook on the Federation that is coming sailing on the wind whether the Punjabis like it or not. I should not say Punjabis, for there is my friend, the Honourable Sardar from Lyallpur, who, at any rate, believes in a Federation. But when Mr. Aggarwal spoke of the maiden Province of Malabar, I could only think like this:

Maidens like moths are ever caught by glare.

And Aggarwal wins his way where seraphs might despair.

I could little imagine, though it is nice to see, that a seraphim and cherubhim on the Democratic Benches would be going for each other. But when he talked about planned money, I, at any rate, was pleased that as he found me bathing, he walked away with my clothes. (Laughter.) It is nice to see a democrat hugging an idea even from the Nationalist Benches of planned money. It is rather late in the day on the third reading of the Finance Bill to talk of planned money. Where was he when we were discussing planned economy? Why did he not direct his broad side against the broad shoulders of the Honourable the Finance Member and ask him "Why do you not give us planned money? Why did you not persuade the Government of India to have a policy of planned economy?" Five years have passed. Schusters may come and Schusters may go, but taxes will go on for ever. Sir, even though in these days of economic depression it has not been possible for the Honourable the Finance Member to give us a programme of planned economy, we are very grateful to him, I should say, for his vision of the future, when the Government will be coming into our own hands for us to plan our economic plans. Let us hope we shall also have our own planned money. The present ratio has worked most unjustly against India. I do not want to use this occasion at this late hour to give a discourse on the folly of the present ratio. I do not want to give such a bad example to others who might follow, for I, at any rate, do not want this debate to go on till the small hours of the morning. I do not want the Honourable Members to go on crowing until the cock crows. I would rather that they are short in their speeches and sensible and a little strong in their attacks if they mean to attack. I, at any rate, dare not when I see my friend, Mr. Mitra, over there, though his Leader is absent, criticise the policy of the Honourable the Finance Member about giving to Bengal half of her jute money. I think that is the success incidentally of the Leader of the House also.

[Mr. C. S. Ranga Iyer.]

'We do not know how these great men conspire in their Cabinets. I wish Sir George Schuster had left it to the future to deal with Bengal money and Bengal jute. He has set a very bad example, because the Bengalis are the most greedy people on the face of the earth, greedy from a provincial financial point of view. (Laughter.) They want to keep their own money to themselves. The Bengalis can think only of Bengal first and all-India afterwards. I am glad that the Leader of the Opposition and of Bengal has come into the House now. I remember, Sir, when I was one day going to some committee, the Leader of the Opposition emerging with a smile from some other Committee which was appointed by the Finance Member and that Committee had something to do with jute and the Honourable the Leader of the Opposition was so happy, though he is very inattentive at present, to have achieved or at any rate at the thought that he would be achieving what the Honourable the Finance Member has revealed Bengal and India have achieved. I personally do not know whether it is a good example that he is setting, for I know that under provincial autonomy Bengal,—so patriotic because Bengal is India and India's freedom must come from Bengal,—will say that provincial autonomy means that Bengal must have all her money so that Bengal's administration can be run on lines that appeal to Bengalis. That is the lead that she has given and that is the lead that his friend and neighbour, the Leader of the House, has taken from him. He goes back to Bengal with a bright legacy for Bengal. I do not know what to say from the point of view of India. Provincial autonomy will breed a good deal of provincial jealousy and we must be prepared for it if Indian Swaraj that is coming is to succeed, and it will succeed only if we have sufficient money, and it will go to pieces if we do not have sound finance. This leads me to the tribute richly deserved given by *The London Times* to the Honourable the Finance Member that he, in these strenuous days, did not depart from the path of orthodox finance. I wished in the past, and probably from an orthodox point of view I may be wrong in wishing, but still I wish that he had borrowed money instead of imposing an excise duty on sugar. I wonder what the Honourable the Finance Member really means by committing us to the collection of money based on excise duty and then bringing afterwards the Sugar Excise Bill. We are committed to it. Supposing we do not pass the Sugar Excise Bill, what then? Will the Honourable the Finance Member explain to us why he is putting the cart before the horse? Why did he not bring forward the Sugar Excise Bill earlier? Why should he bring it after passing the Finance Bill? The bottom of our arguments would be knocked off. He will now come and say, you have passed the Finance Bill and so you have got to give us money by passing the Sugar Excise Bill.

Mr. N. M. Joshi: He can borrow.

Mr. C. S. Ranga Iyer: My Honourable friend, Mr. Joshi, suggests that he can borrow. Well, he does not believe in borrowing, because he believes, as in the case of individuals, so in the case of nations, he who goes borrowing goes sorrowing and it is useless to argue with him in that line. But I am asking, why did he not bring that Bill first? Why did he not give us an opportunity of voting on that Bill first? I know that he cannot today talk of my "rolling eye", he cannot compliment me on the form or my voice, he will have to speak less of myself and more on the

facts of the case. I shall not talk today of slight Sir George with his watery or, is it, wintry smile. I shall not talk of Sir George mocking in his beautiful way, of his cold harangue as clear as it is cold falling at this hour of the night soporific on listless ears. I shall not talk of his lustrous blue eyes (Laughter), I shall not imitate his example. I should, on the contrary, think that he wields the longest sword, because the man with the longest purse conquers. His conquest is near and I know it and his arguments have always been the same, the arguments of all Finance Members all over the world have been the same. They are great students incidentally of Burke and his speech on American taxation. "To tax and to please no more than to love and be wise is not given to men." The Honourable Sir George Schuster is unpleasant when he taxes us and unwise because he does not please us. But no Finance Member can please. But why should he choose to go out of the orthodox way and tax the poor man's sugar, the production of that sugar. He told us India will not produce her sugar so cheap as Java does. Java produces sugar three times more cheap than India does, and that is why Java will feed the Empire more than India. I am turning his arguments on himself. Why, I ask, do you put an excise duty then, because our production of sugar is so expensive? Is not the excise duty an imposition on production? I read his speech carefully, he had no answer, and his answer was, well if you export you will get a rebate. That was not my question. My question was why should you not allow sugar factories to come into existence all over the country. Why should it not be possible for India to produce sugar so cheaply and efficiently as Java is producing? The Honourable the Finance Member of the Government has to answer that question, not I, I am not the Finance Member, I am not the Government of India, I have not the capacity to educate my people, to organise the resources of my country to produce sugar so cheaply as Java produces sugar.

Mr. F. E. James (Madras: European): Do not deliver your speech on the Sugar Excise Duty Bill now?

Mr. C. S. Ranga Iyer: My friend, Mr. James, suggests that I should not deliver my speech on the Sugar Excise Duty Bill. I am merely delivering a warning to the Honourable the Finance Member that he should not have introduced that duty at all, and it is my duty at this stage of the Finance Bill to deliver that warning, because, very dexterously and most unfairly to this House, he has placed before us the Finance Bill instead of placing before us the Sugar Excise Duty Bill first. He takes the money, he takes our sanction by the backdoor. That is a policy to which I very strongly object. It may be parliamentary dexterity, but it is cheap cleverness. Well, Sir, the Government ought to know how to arrange their business. Various Bills were brought before this House. Why did they not bring forward first the Sugar Bill? Why did they not allow us to talk on the merits of the question. He told us that sugar factories had grown and multiplied with the rapidity of the prophet's gourd, but he never expected that they would prosper so quickly as they have prospered or that they would have made so much profit as they have made. If only he makes a careful examination of what has happened to the sugar factories, he will find that some of the big factories have certainly made a profit, but some of the poor factories are languishing.

Seth Haji Abdoola Haroon (Sind: Muhammadan Rural): It is only the old factories that have made some profit.

Mr. C. S. Ranga Iyer: My friend says that it is only the old factories that have made profit and the Finance Member has dug the grave of the new factories. He ought to know that in this country finances are shy. Because the Government gave a pledge to protect sugar factories for seven years upto a point and 14 years after that, people came with their finances and they founded factories, and now Sir George Schuster will be remembered as a surcharge Schuster as he has not even taken away the surcharge on sugar which the factory people would prefer to the imposition of this excise duty. Sir, Indians will remember what Dickens in "David Copperfield" put in the mouth of Mr. Barkis:

"It was as true as taxes is, and nothing is truer than them."

Yes, India knows this to her cost. Fortunately there are the millions who Sir George may think pay no direct taxes and who may say:

"What is it to us if taxes rise or fall,

Thanks to our fortune, we pay none at all."

But what about the poor man, the man who earns a thousand rupees a year? Today Sir George and his Ironsides snatched a victory at the expense of the poor man earning not more than a thousand rupees a year. Why did he not, I ask, take the taxation minimum back to its old level of Rs. 2,000?

Captain Sher Muhammad Khan Gakhar: Rs. 500 was older still.

Mr. C. S. Ranga Iyer: Old things like old men must die. My friend says Rs. 500 should be the taxable minimum. I believe things will come to that. Then the Congressmen will take off their hats and salute you from their trenches. I hope it will not come to that. I hope we will not promote discontent in this country. The lowering of the taxation level has promoted discontent and is promoting discontent. With one hand you build up the tariff wall, the other hand you put everywhere to raise money without building up the national resources. I ask, why have this Government not followed the Japanese example and built up our industries? How can India have money without industrial wealth? So long as she continues to be a purely agricultural country,—and even her agricultural products are not wanted,—how can you find money in this country? You will have to increase and increase your taxes and with it the discontent. I want that you should increase the sources of taxation. Where is the industrial plan?

Mr. Aggarwal was trying to repeat in a rather clumsy and unpremeditated way a very good idea which I expressed in this House some time back. (Laughter.) And that idea is this. An industrial plan. India is an agricultural country, I admit. We cannot abandon the agricultural improvement of India for any time to come, because with her 350 millions of population which she must feed with her grain, she must continue to be an agricultural country. But if you take a census of unemployment in India,—and unemployment is a very important question in England,—you will find that in no country in the world is there so much unemployment as in India. For six months or more in the year, our village people, our rural people, do not have any work. Could not the

Government develop an industrial plan,—but not by multiplying mills in this country? No. That way India cannot develop,—but by building rural factories. If rural factories had been built all over the country producing cloth which the masses want, then the villagers would have found an occupation.

An Honourable Member: Why cloth only?

Mr. C. S. Ranga Iyer: I shall deal with cloth first; I have already dealt with sugar. Sir, Mahatma Gandhi talks of *charkha*. He has done a great deal to bring a new spirit into the country regarding cottage industries, but in this chemical age, in this mechanical age, the *charkha* cannot prevail where machinery holds sway, because it is too primitive. Therefore, my suggestion is, why not have baby machines in small factories producing cloth? Why should the Government not have given their mind to this subject?

(Interruption by Mr. F. E. James.)

My Honourable friend, Mr. James, is already bathing in his own ideas. He is rather troubled with the prospect of rural factories coming into existence in this country. Being so western he would rather have a multiplication of mills. I blame him not, but let me develop my idea.

Sir, in our country people are spread out in the villages, and I want to solve the problem of village unemployment and I also want to promote the industries of this country. The handloom industry cannot face the severe competition unless you go on building tariff barriers upon tariff barriers. But there is a limit to the tariff policy. Therefore, the time has come when Government should see if they cannot have a five year industrial plan and revive our old village industries when we shall be free from the disadvantages about which Mr. Joshi constantly and rightly groans.

Sir, I think I must near my conclusion. Who can help recalling with a pang that this is the last financial day of Sir George Schuster? I have criticised him hard, very hard, but it is the privilege of an opposition to pelt stones, even though they do not break the Finance Member's bones. A nocturnal session is a happy crown of much of the labour after the burning of the midnight oil which Sir George Schuster has presented for the last five years of his financial regime in this country in the shape of an annual Budget. And the sentinel stars have set their watch in the sky, and there is also the moon though I wish she had moved his heart more potently, specially, as I must repeat, when I think of sugar excise for which I must keep my powder dry.

Mr. F. E. James: It is not a full moon. (Laughter.)

Mr. C. S. Ranga Iyer: Mr. James is right on this occasion. It is a sad moon, Sir, that has risen today. It is not pleased with the victory that Sir George snatched over the poor man's postcard, myself not voting having paired, my pair returning late, having yesterday vexed with mirth the drowsy ear of night. Nor is the moon pleased with our failure to take up the minimum tax to the old level, the arguments on which I must not repeat. I wonder whether, when Sir George Schuster was coming to this Assembly, he noted with how sad steps the moon was climbing the skies, how silently, with how wan a face? Sir, was it Napoleon who said that

[Mr. C. S. Ranga Iyer.]

he found vices very good patriots and he got five millions from the love of brandy and he should be glad to know which of the virtues could pay him as much? Speaking very seriously, putting aside my "stinging terms",—I hope I put them aside for the last time on this last occasion of his crowded career, greatly lived and nobly fought,—Sir George has been handicapped because ours is not a country of vices, it is a virtuous country. Eating sugar is not a vice (Laughter), but we must not eat it in excess in this land of diabetes. (Laughter.) That is why he is excising it.

Sir, our military burden is heavy, too heavy; but Tottenham says with Tacitus: "The peace of nations cannot be secured without arms nor arms without pay nor pay without taxes". (Laughter.) Sir George has been obviously re-reading Hobbs' Leviathan and has told us this year for the fifth time: "All men are by nature provided of notable multiplying glasses—that is their passions and self-love, through which every little payment appears a great grievance, but are destitute of those prospective glasses, namely, moral and civil science—to see afar off the miseries that hang over them and cannot without such payments be avoided".

If we have criticised him, the Opposition must criticise; if we have fought him, the Opposition must fight; but well might he say
10 P.M. with Lowell:

"Taxes milks dry, but, neighbour, you'd allow
That having things unsettled kills the cow."

Lastly, we have seen him throw his baited lines about. He has played this House as anglers play their trout. Now, then, let me not stand between you and him, and I hope others too will not add to his burden, having talked all that they have to talk, avoiding repetitions, so that after the weary fight, after a taxing fight, which has taxed us and our resources, Sir George might have the rest he so badly needs, to come back like "a giant refreshed" to fight us again on the Sugar Excise Duties Bill. We cannot deny he has instructed us, he has moved us, he has delighted us. And, lastly, as Lloyd George said at the conference of Paris, in 1919—fine words those, pregnant with meaning: "The finest eloquence is that which gets things done; the worst is that which delays them". Sir George Schuster is eloquent; he is almost like a siren; but his finest eloquence rises to the Lloyd Georgian standard and has got things done. I wish him a happy and a prosperous career to serve India and England for the greatest good of the denizens of the Empire. (Applause.)

Mr. S. C. Mitra: Sir, some Honourable Members have discussed the Finance Bill for the whole day, other Honourable Members will continue the discussion for the rest of the night, and so I hope, you will not mind very much if I say a few words on politics.

Sir Harry Haig perhaps thinks that I do not follow the strict procedure when I bring in politics on the discussion of the Finance Bill; but I can tell him that I follow the noble convention of the Mother of Parliaments, and the practice that has been obtaining here in this House now for the last decade and more.

On the last occasion, I was dealing with the treatment meted out by soldiers to the people inhabiting Midnapur in Bengal, and Sir Harry Haig truly realised that for a Bengali there was nothing more important than to discuss about the political situation in Bengal; but if he thinks, as he said

on the last occasion, that I deal only with politics, I may say that he is very much mistaken: I believe at least my Honourable friend, Sir Frank Noyce, knows that I put more questions on the Postal Department and discuss more about postal matters than even politics. In the absence of the Commander-in-Chief, who, for reasons best known to himself, does not care to come to this House, Sir Harry Haig gave the reply, and, following the etiquette that has been observed by my Leader, Sir Abdur Rahim, that we should not discuss anything here that is said in the other House, I refrain from criticising the speech delivered in the other House, but I will only say that it has fallen on the broad shoulders of Sir Harry Haig to deal with the army administration in India also. He told us about the elementary things, that the utility or the necessity for keeping an army was not only to provide against external aggression, but also to secure the internal security of the country. I never quarrelled with him that it was not the purpose of the army to render help in securing the peace of the country in case of emergency. But where I join issue with him is when he further says that in almost the day-to-day administration of the country, the army should have a share with the police in keeping the peace. We in this House knew that in times of great emergency, when the civil power, the civil police, fails to cope with a situation to keep peace, say in the case of a great riot or anything in the nature of a big disturbance, certainly the civil authorities are entitled to ask for the co-operation of the army; and there may be certain circumstances when it may be necessary to dispense, for the time being, with the civil administration and to enforce martial law. But as soon as the emergency ceases, in every civilised Government, it is the civil authority who should govern and carry on the day-to-day administration and be responsible for law and order in the country. Sir Harry Haig here enunciates the novel principle that the army, even in the day-to-day administration, for days and months and years, should, in conjunction with the civil authorities, govern the country. There were other occasions also when Bengal had to pass through very hard times. There was terrorism, there was violence; but no other administrator thought that the permanent administration of the country should be carried on only with the co-operation of the army. It is, as a matter of fact, terrorising the people.

I do not believe in the terrorist methods of the anarchists, and I also do not believe in the terrorist methods of the Government. During the Jallianwalla Bagh days, an honest soldier, General Dyer, when he thought that it was his duty to make an impression on the people, killed unhesitatingly lots of people as he thought that it was necessary in the discharge of his duties. It now looks, in another way, as if the Government were doing in a far more subtle manner the same thing in Bengal. I can show that not only terrorism, which should certainly be suppressed by all possible means, that the Government or the people can think of, is sought to be checked, but all political agitation, all political movement, all social movement, the Congress movement—in fact all constitutional movements, everything is being suppressed now in the name of terrorism.

I do not claim any clemency or leniency from this Government, but I certainly demand justice from the Government. The other day, when I was narrating some of the events, I received a few reports from some leading men. I placed those reports with full description of the events before the House so that the Government might inquire into these matters, and if they found that the facts were very much distorted, then they might give out their own version of the case. Before any inquiry was made, I think the Honourable Sir Harry Haig said that there was nothing to suggest

[Mr. S. C. Mitra.]

that the discipline had in any way fallen short of its usual standard. Now, Sir, the House can well judge if judgment is to be given by a responsible Minister like the Home Member, if a certificate is to be given by the Home Member,—even before an inquiry is made,—what will be the outcome of the inquiry . . .

The Honourable Sir Harry Haig (Home Member): Would the Honourable Member mind reading out the whole of that sentence instead of only a portion of it?

Mr. S. C. Mitra:

"I have seen a number of reports in connection with their work, and I have seen nothing to suggest that the discipline has in any way fallen short. . . ."

The Honourable Sir Harry Haig: Exactly, I was referring to reports which I had already seen.

Mr. S. C. Mitra: In this connection, I should like to read a few extracts from the "Life of the Lord Curzon" written by Lord Ronaldshay, to show how, on a similar occasion, a Viceroy, who was considered in India as perhaps the strongest Viceroy, dealt with a similar situation. There was a judgment from a Court stating that the allegations were not correct, but, Sir, in these cases, how judgments are obtained, is well-known to this House. I read from page 71, Vol. II, of the "Life of Lord Curzon":

"In the meantime, amid these grave pre-occupations, Lord Curzon's peace of mind was suddenly disturbed by an untoward occurrence which stirred to its depth the love of righteousness and hatred of iniquity which were so deeply implanted in his moral nature. An offence of a peculiarly revolting character had been perpetrated by British soldiers against a native woman in Burma. Both on moral and on disciplinary grounds, the crime itself called for swift and exemplary punishment. Not only was punishment not meted out, but the military authorities on the spot showed a culpable disposition to hush the whole matter up, and were seconded in their attempt by the apathy of the local officials. Any hopes, however, which they may have cherished that the matter would pass unnoticed, were destined to be rudely shattered. Whispers of what had occurred reached the ears of the Viceroy, and the matter speedily acquired a wide publicity and those concerned in it an unenviable notoriety.

The prosecution which was ordered broke down on a technical point, though it was plain to every one that an acquittal of the accused persons involved a grave miscarriage of justice. Lord Curzon was determined, not only that the offenders should suffer the punishment which they deserved, but that it should be made manifest to the world that official laxity in bringing to account persons guilty of offences against the people of the land would not be tolerated. He pursued the matter with a vehemence born of his horror of injustice and for his passionate regard for the honour of his race. No considerations of personal ease, no risk of unpopularity with his own people, no suggestion that with the best will in the world he might only end by fanning into flame the smouldering embers of bitter racial animosities, would induce him to rest until their reputation for justice, which he regarded as the greatest asset of the British people in the discharge of their task in India, had been vindicated. It was not that he was insensible to the danger of his attitude being misunderstood. He did not disguise from himself the possibility that the public, unaware of the extent to which the officials, both civil and military, had failed in their duty and viewing the matter as an isolated instance of depravity on the part of a handful of soldiers, might regard the wide range and severity of the sentences which he was determined to see enforced, as being out of all proportion to the seriousness of the case. 'It may well be that . . . there will be a great outcry on the part of the services against the apparent harshness of the verdict' he wrote to the Secretary of State, when he had finally decided upon the nature and extent of the action to be taken, and 'and even a formidable attack upon myself'; and reverting to this aspect of the case a little later:—'I have throughout felt rather like some one standing

on the brink of the roaring crater of Vesuvius with justice and honour imperiously thrusting him forward, and circumspection and self-interest more cautiously pushing him back'.

The action eventually taken in conjunction with the Commander-in-Chief, who was throughout in full agreement with him on the necessity of stern measures, was, as he had informed the Secretary of State he intended it to be, 'unmistakeable in significance as well as trenchant in operation.' The culprits were dismissed from the army; high military officers were severely censured, and in certain cases relieved of their commands; the regiment was banished for 2 years to Aden, where all leave and indulgences were stopped; the civil officials were severely censured, and, finally on the insistence of the Viceroy, and in the face of some doubts and hesitations on the part of the Government, an Order-in-Council was issued on which 'the sense of profound sorrow and repugnance' with which the incident was viewed by Government was placed on record, and 'the negligence and apathy that were displayed in responsible quarters' were reprobated."

Sir, I maintain that it is on acts of justice like this stands the British Government in India. It is by shaking the very foundations of British justice that the British Government which, as some characterised this morning as bankrupt of all statesmanship, have lowered themselves in the eyes of the people. Sir, I repeat, what I want is bare justice. I do not expect any leniency, I do not pray for any mercy. Let there be a full investigation in all these cases. The charges in these cases are far more dangerous than those dealt with by Lord Curzon in a similar case. But what is the attitude of Government? I maintain that, in spite of all efforts, you cannot have true relationship established, you cannot have true co-operation between England and India. True co-operation and friendship can only be established, as we all desire it to be established, when the angle of vision is changed. Some members of the bureaucracy in India think that by the adoption of mere strong measures they can crush the spirit of patriotism in this country. I repeat, Sir, that I am not a man to be cowed down by Government. I tried to serve the Government and my people. I justify my existence here. How can I do it? It is by echoing the feelings of my people that I can justify my existence here. Why am I here? What is the use of having a representative Government? A single individual like my friend, Sir Harry Haig, can carry on the Government. If the British democracy in England wants this country to be governed on democratic principles, then they should try and find out what is passing in the minds of the people of the country. Now, the Press is under very strict censorship. The speeches that we deliver here are not reported. I do not want them to be reported, but I should like to tell the Government

Mr. A. H. Ghuznavi: Is that the fault of the Government?

Mr. S. C. Mitra: You just wait. My friend, Mr. Ghuznavi, wants to interrupt me, but I shall not give way now.

Now, Sir, my friend, Sir Harry Haig, says that I claim the monopoly of patriotism for Bengal. Sir, I never claimed the monopoly of patriotism for Bengal, but I certainly claim that Bengalees are patriots. My friend, Sir Harry Haig, was full of praise for the army, and he denounced the Bengali *Bhadralok* classes. But may I ask him, who saved the country from anarchists in Bengal? It is, again, not Mussalmans like my friend, Mr. Ghuznavi, who comes to the rescue of the Government every time, but it is the Hindu *Bhadralok* classes, the Hindu police officers, the Hindu C. I. D. officers and others who help the British Government in Bengal

Mr. A. H. Ghuznavi: Muslim police officers have also risked their life

The Honourable Sir Harry Haig: On a point of explanation

Mr. S. C. Mitra: I shall yield to the Honourable Sir Harry Haig, but I shall not give way to my friend, Mr. Ghuznavi. I know what his potentialities are for rendering real assistance to the Government in grave emergencies in Bengal.

The Honourable Sir Harry Haig: Sir, on a point of explanation. I think my friend, Mr. Mitra, is mistaken in suggesting that I made any attack upon the *Bhadralok* classes in Bengal.

Mr. S. C. Mitra: Sir, in his speech, the Honourable the Home Member gives all the praise to the army. They may deserve it; let them have it.

Then he says that the Bengalis—I shall quote from his speech, I have got a copy:

“Has Bengal the monopoly of patriotism? Is it not rather that Bengal has what I am afraid very nearly the monopoly of something very different, and that is political murder?”

If Bengalis have the monopoly of political murder, they have also the monopoly of protecting the Government of the Province against anarchists. It was not necessary to import officers from the United Provinces or from any other Province to save the Bengal Government from the hands of the anarchists. Times without number I have heard Mr. Ghuznavi here and in London saying that there was no Muslim anarchist. I ask, how many Muslim officers, as compared with Hindu police officers, have laid down their lives

Mr. A. H. Ghuznavi: We have not even one per cent of Muslims in the service. What are we to do? Government would not employ the Muslims.

Mr. S. C. Mitra: The reason is they are not up to the mark or they are inefficient. I tell the Government that, if they are to conciliate the country, they shall have, I feel proud to say,—they shall have to conciliate Bengal and even the Hindu Bengal. A great man like the late Mr. Gokhale once said: “What Bengal thinks today, the rest of India will think tomorrow”. (Hear, hear.) I can still say, if you look at the history of anarchism in Bengal,—from which date did it come into the Province? From 1905, owing to the unequal treatment that the Hindus of Bengal were subjected to by the Partition. That gave rise to these political difficulties. See the Meston Award. Mr. (now Lord) Meston comes from the United Provinces, and his award has created the present financial difficulties in Bengal. The condition of the Government as well as of the people is extremely bad, and I maintain that it is the economic condition, the financial condition of Bengal that is responsible for coming into field of these anarchists.

[At this stage, Mr. Muhammad Yamin Khan rose in his seat.]

I do not want to give way. I know your views. I have my own views.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): What has the United Provinces got to do with that?

Mr. S. C. Mitra: I find that Sir Harry Haig thinks that Bengal is a place only for anarchists and not a place for patriots or the very good efficient servants both in the police and other departments who help the

Government. My point is that the Government should not look at one side of the question only, but should look at the question as a whole. I do not want to dilate further on this topic. I can name any number of very efficient police officers who have laid down their lives, gentlemen coming from the much maligned *Bhadralok* classes, of whom very little is known to my Honourable friend, Sir Harry Haig,—who have, at considerable risk to their lives, served the Government loyally:

The Honourable Sir Harry Haig: No one has greater admiration than I have for the Hindu officers in the police in Bengal.

Mr. S. C. Mitra: I am extremely thankful to the Honourable Sir Harry Haig for his compliment to the Hindu *Bhadralok* police officers who every day endanger their lives to serve their country and their Government.

Mr. A. H. Ghuznavi: And not the Mussalmans?

Mr. S. C. Mitra: As I have said before, I do not think that the army should be utilised for the purpose for which they are being utilised now. I leave that matter there, and I shall come to the old question about the classification of prisoners. I have recently got a letter, and I shall give facts and figures to show how the political prisoners are treated. The other day, Sir Harry Haig was under the wrong impression that I was speaking only about the Andaman prisoners. My main contention was about the civil disobedience prisoners in Bengal. I have enquired and I can give facts, especially about the district of Dacca. There were more than 2,000 convictions, and only one gentleman, a leader of the Bar, Mr. Birendra Nath Majumdar, a lawyer, was classed "A" by the trying Sub-Divisional Officer, but then the Magistrate made him class "B", and because there was this difference of opinion between these two officers, Mr. Majumdar was kept as a class "C" prisoner for a long time. And I am told—and I challenge the Government to contradict me with facts—that, out of these 2,000 civil disobedience prisoners, most of them are students of colleges, schools, and teachers, but not more than ten were given even class "B", and the rest were, I have come to know from reliable sources, given class C. The Home Member has said that there is now no division between special class and ordinary class prisoners, but in actual effect, what happens is that the political prisoners are now getting a worse treatment than they used to have before, and here I can give names of the prisoners who, because they were convicted of a political crime, had to suffer worse than other people of the same class. Here are a few cases, a few names of *Bhadralok* convicts with non-political offences put in class B:

- (1) Gopal Krishna Beradas—Murder with abduction, transportation for life sentence, now in the Alipore Central Jail.
- (2) Dharani Dhar Sasmal,—Rape, seven years sentence, now in the Alipore Central Jail.
- (3) Abdul Jabbar—Murder, six years sentence, now in the Alipore Central Jail.
- (4) Suren Ghosh—Cheating, 4½ years sentence, now in the Alipore Central Jail.
- (5) Baridbaran Hazra—Riot and murder, five years sentence, now in the Midnapore Central Jail.

[Mr. S. C. Mitra.]

(6) Mahiuddin of the well-known Sobhania abduction case of Barisal—now in the Dacca Central Jail.

(7) Sajani Das—cheating and forgery, 9½ years sentence, now in the Alipore Central Jail.

These have all been placed in class B, while for political offences:

(1) Amalendu Bagchi—a graduate, son of a taluqdar of Rajshahi, now in the Andamans.

(2) Manoranjan Guha Thakurta, a graduate, son of a very respectable gentleman of Noakhali, now in the Andamans.

(3) Sanil Chatterjee passed Final Chemical Engineering Course of the Jadavpur College of Technology, was the Chief Chemist to the Parijat Soap Works of Calcutta, now in the Andamans.

(4) Miss Sunity Chowdhury, uncle a Professor, family very respectable, now in the Rajshahi Central Jail.

(5) Ajit Mitra, a student of the Calcutta Technical School, father contractor, maternal uncle District Engineer, 24-Parganas, now in the Alipore Central Jail.

All these have been given class "C". There are any number of cases if the Home Member merely cares to have more information from the Province of Bengal. He will see, as if out of grudge, all these political prisoners, without consideration of their status in life and the life they were accustomed to, are classed "C". I read in the papers recently that there was a big Conference of Inspectors General of Jails of the different Provinces. As a result of their Conference, what I find is that they were thinking of how to put down cases of hunger strike, how to treat the political prisoners in all other matters. But in any civilised country outside India the Inspectors General are all expected to be experts in penology, and they would consider these crimes from the standpoint that these are more or less cases of disease, and they require treatment and proper behaviour to bring them round, and not harsh treatment and forced feeding, and whether they should be whipped without the permission of the Government of India, or whether the Superintendents themselves could whip them. These matters have now become the concern of these Inspectors General of Police. Jail is a transferred subject, and now I find that, in the interest of the Provinces, the Central Government should not have interfered in these matters. Their interference, instead of liberalising the administration of jail, is found to be merely making the life of political prisoners impossible. When a man is convicted and is within the four walls of a jail, how can a Great Government bear a grudge against these men. By all means keep them out of harm's way, so that they may not do anything criminal, but to have vengeance on them even when they are confined, is not worthy, I think, of any civilised nation. What I maintain is that it will not help in re-adjusting the attitude of the people at large to the Government, because a generous treatment, even of the criminal, will influence people's minds to the good offices of Government and may reconcile them to foreign rule. The idea obtains at present among officers that by strong measures they will succeed for all time in governing the country, not in Indian interests, but in British interests. That has proved fruitless many a time in the past and will prove the same in future.

Now, I do not want to take any more time on financial matters. I know my views are well-known to the Honourable the Finance Member with whom I have worked for more than five years in the Public Accounts Committee. I believe that the people of India should be convinced that this Government is primarily in the best interests of the people of India and not for any other people, not even the British. I personally believe with my Leader, Sir Abdur Rahim, that if India is governed in India's interest, there is enough scope for the British people to derive any amount of profit out of their connection with India, because, I have confidence in British connection. When there is anything in my mind, I speak it out. I can be a hypocrite like many a Member in this House, flattering and fawning on Government

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order.

Mr. S. C. Mitra: I withdraw that expression. The truth is known of what I wanted to convey; Government will do well to gauge the proper feeling in the country, and not be carried away by the words of the sycophants and the flatterers. As I have said, it is due to bankruptcy in British statesmanship that the relationship of the Indian people and the British people cannot be adjusted. If the British Government think of having the sympathy of men like Mr. A. H. Ghuznavi and have the best of Indian trade, they are seeking in vain. I say, again, that time will prove that they are very much mistaken, and I also say that if they truly realise the position, there is time yet when the true relationship between the British people and the Indian people can be established; and a true national Government alone can tackle the financial position in this disturbed time. The Government of the country may be carried on, Budgets may be balanced, but, I maintain, that is not good Government; and this kind of condition cannot continue for a very long time. That is the reason why I emphasize about the political situation even in financial matters, and I hope the Honourable the Finance Member, who, in his own way, tries his best to serve this country, will convey our feelings to the British people that it is necessary to change the present system of government entirely if they are to have the goodwill of the people of India.

Lieut. Nawab Muhammad Ibrahim Ali Khan (East Punjab: Muhammadan): *Sir, the position as regards the Budget now before us would appear to be even worse than what it has been in previous years. Two years before, our income stood at 126 crores. In the present year, it is estimated at 120 crores. Laying aside the capital reserved for meeting debts, it drops down to only 117 crores. Then it would appear from the Budget that, compared with the figures of the last two years, there has been no reduction in the expenditure, while the income has further gone down by six crores. To meet this deficiency a sum of Rs. three crores, as against Rs. six crores has been placed in reserve, but here again there remains a deficiency of Rs. two crores.

It is somewhat gratifying to note that military expenditure has been reduced by 75 lakhs. For this we are thankful to His Excellency the

*Translation of the Honourable Member's original speech delivered in the vernacular.

[Lieut. Nawab Muhammad Ibrahim Ali Khan.]

Commander-in-Chief and hope that he will reduce it still further, considering that there is yet much room for reduction in military expenditure. The fact is that unless we think of economy in every possible item of expenditure, we cannot hope to see a well-balanced Budget, and people would come in for increased taxation. Experience has proved that increase in taxation does not necessarily tend to increase in income. On the other hand, what generally happens is this that when an article is taxed and goes up in price, it does not remain much in demand. The result is that very often the estimated yield of income, calculated according to the rate of fresh taxation, goes wrong. The tax, as a matter of fact, should be imposed at such rates and on such articles as can be easily tolerated by the average consumer, and the public, particularly the poor, do not thereby suffer.

The welfare of India depends on her agricultural progress and the prosperity of the zamindar.

In Northern India, by far the most important product is that of cotton and of wheat. I do not here propose to say anything on the subject of foodstuff, as much has been said on this already. But as regards cotton, I must emphasise that any particular benefit of protection should be withheld from our cloth-makers so long as they do not promise to use only the Indian cotton in their mills. If the millowners of Ahmedabad and Bombay do not undertake this, there is no reason why we should, for their sake, allow the price of cloth to rise and hit the agricultural population. If millowners are not disposed to help the agriculturist, they might as well entertain no hope that we would help them by allowing them to raise the price of cloth to our detriment. They are equally bound to help the country in increasing the price level of agricultural products; and the first step on their part should be the use by them of purely Indian cotton. I wish in this connection to say that Japan has offered to purchase ten lakhs of bales or 50 lakhs of maunds of cotton from India. The question of price has not yet been settled. Evidently, as Japan alone will arrange to transport this cotton, there is fear of the Japanese offering a lower price, and Government would do well to take note of this.

Last of all, I invite the attention of Government to the land and irrigation taxes which constitute a great source of Government revenues. The poor cultivator pays off his land-tax and irrigation tax by selling his produce. But the price he gets for it is even below the cost he has spent on it. For instance, the land tax he formerly paid by selling a maund of wheat can hardly be paid now by selling even three times as much. Apart from this, the productive capacity of the land is on the decrease. Government can solve this riddle either by adopting methods whereby the level of price of the agricultural products can be raised or by reducing the land-tax itself to one-half or one-third. Unfortunately they are planning to raise the prices of manufactured goods, but they are not paying any heed to doing the same in respect of agricultural products. The result is that there is already a hue and cry in the country on this account, and one cannot say what evil effect this policy on the part of Government will lead to. All the same, I congratulate my Honourable friend, Sir George Schuster, on the presentation of his last and best Budget. Today keen economic distress is prevailing everywhere.

in the world, and it is due to the wisdom of Sir George Schuster that the position with regard to the Indian Budget this year is more re-assuring than is the case with the Budgets of other countries.

Seth Haji Abdoola Haroon: Sir, I would not probably have risen tonight to speak, but my friend, Mr. Jagan Nath Aggarwal, has sought to make two points. So, I think it is advisable for me to clear up these two points and put my views before the House.

The first is this, that some time back, my friend, Mr. Mody, suggested to the Government to consider the question about the customs arrangements with the Kathiawar States. My friend, Mr. Aggarwal, I think, either did not know about the trouble which might be created on account of these customs arrangements in States, but probably, living far away from these seaport coasts, he did not know. But, today, Sir, I strongly support my friend, Mr. Mody, when he says that the time has come when the Government should consider it very seriously, that not only we, the merchants of Karachi and Bombay, are losing our trade, but the finances of the Government of India, under the head of customs, are suffering very much, far more than anybody expected in this House. Sir, I know that formerly it was only the Kathiawar ports that were importing foreign goods, but, Sir, lately the Baluchistan ports also have commenced to import some foreign goods like sugar, silk, foreign liquor and many other such-like things. Sir, I know that the Viramgam cordon is already established at Viramgam, but I want to inform the House that there are plenty of goods that are being smuggled through bullock carts and in many other ways into British territory, and I have got instances to show that, through the Baluchistan ports, sugar, liquor and silk are being imported and carried by camels, lorries and in many other ways into Sind, the Punjab and Baluchistan.

An Honourable Member: By steamers at the Baluchistan ports?

Seth Haji Abdoola Haroon: Yes, Sir, the time has come when the Government of India should consider it very seriously what should be done. They have many times stated that they have some sort of treaties with these States. I do not say that these treaties should be thrown away into the waste paper basket, but I suggest that the Government should reconsider all these treaties: and if the Government want that their customs revenue should not fall and fall badly, then they should consider this matter very seriously.

Sir, another point my friend, Mr. Aggarwal, brought up before this House, namely, that all these difficulties of finance are coming up because of the new small Provinces being created lately. I want to point out to my friend, Mr. Aggarwal, that the North-West Frontier Province was already getting a subvention of about a crore of rupees which the Government of India were already spending upon them since many many years past, but since they have now got a Provincial Government of their own, therefore we should now see that the Government of India do provide in the Budget a subvention for that Province.

With regard to Sind, I want to inform my friend that if he were to look to the Budget of the Bombay Government from the year 1922-23, he would find that Government to have been always in deficit. They have been balancing their Budget either by borrowing money from the Government.

[Seth Haji Abdoola Haroon.]

of India or approaching the Government of India from time to time and asking them for subventions. The Government of India must help them, otherwise they cannot continue their government in the Bombay Presidency. If my friend will look to the speeches of the Finance Members of the Bombay Government—Sir Ghulam Hussain and Sir Pradhan—he will find that they have clearly stated that they are unable to balance their Budget, because Sind is a very expensive Province. Therefore, they said that if Sind was separated, they would be able to have some financial relief. These are the documentary speeches of the Finance Members of the Bombay Government. I want to inform my friend again that lately the Sind Administrative Committee sat at Karachi and I was one of its members. I cannot disclose all the things at present, but I would like to inform him that, on account of the administration of Sind, Government have to incur an expenditure of five or six lakhs of rupees.

Bhai Parma Nand (Ambala Division: Non-Muhammadan): Is it for a year or a month?

Seth Haji Abdoola Haroon: They spend five lakhs a year. All the other expenses are borne by the Government of Bombay.

I do not know about Bihar and Orissa but even that Province is not in a flourishing condition and cannot balance its Budget. Therefore, the Government of India are giving them some sort of a subvention from income-tax or other things.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): Bihar has been maintaining Orissa.

Seth Haji Abdoola Haroon: So, Sir, if these small Provinces are separated, there is not much of a financial difficulty.

Mr. S. G. Jog: What was the recommendation of the Brayne Committee? Was it not 90 lakhs?

Seth Haji Abdoola Haroon: For the Sind separation they recommended only 12 lakhs, but now we have brought it down to six or seven lakhs.

Mr. S. G. Jog: One more Committee and I think it will come to nothing.

Seth Haji Abdoola Haroon: Sir, I wish to put my views how to economise the Indian finance. Sir, time has come when you have to consider the frontier policy of the Government of India. I have seen in the Budget that, on account of the so-called strategic railways, the Railway Department is suffering a loss of about two crores of rupees; on watch and ward, Government are spending 1,81 lakhs of rupees; on account of Baluchistan, Government are spending 75 lakhs of rupees, and on account of the subvention to the Frontier, about one crore of rupees. These different items come to about six or seven crores, but there are other heads such as political pensions, etc. Besides that, there are several roads in the Frontier. These are to be found not only in the North-West Frontier Province, but also in Assam and other places. I do not know how much money is being spent by the Military Department to keep up these roads open for the traffic. Besides, Government have to keep some military to keep those roads open in the Frontier. I think this House should compel the Government to form

a Committee to go through all these things and bring the accounts before this House as to how much money is being spent on these nonsensical things. If the Government of India consider this point properly, I think India can save not less than 15 crores of rupees a year. The present position of India has been changed very much, and it is not the same now as it was when the British Government inaugurated the policy of the Frontier. Today, according to my information, Russia is not in a position to cross the Afghanistan border and enter into India, and Afghanistan also is not in a position to level an attack on India. So, the time has come, if we want to save these 15 crores of rupees, to consider our policy in the Frontier. As a layman and as a businessman, when I find that any branch of mine is not paying any profit to me, I try to close it down. Sir, our natural frontier was quite different to the Frontier that has lately been created by the Government. I might suggest to the Honourable Members that they should consider this point very seriously. If I had any power, I would immediately have withdrawn from the Frontier and guarded my natural frontier.

Major Nawab Ahmad Nawaz Khan (Nominated Non-Official): What natural frontier you propose?

Seth Haji Abdoola Haroon: Sir, time has come when this House should consider, if there is any sort of a fear from the Frontier, that we should make the North-West Frontier Province an independent Province and we must have a mandate on that Province as the British Government have a mandate on Iraq and the French Government on Syria. If we have a mandate, we can give a little subvention to the Frontier Province and we can keep a few people in the Frontier who can look after the safety of the place, and if any danger should arise, then we can enter immediately. Normally we should put the whole burden on the people of the Frontier and on the Government to maintain peace and order in the whole Province and in this way we can save 15 crores.

Sir, I do not want to take much time of the House in discussing the
 11 P.M. excise duty on sugar and matches. I shall speak on those subjects when the proper occasion arises. Today my Honourable friend, Mr. Ranga Iyer, has already spoken many things about this duty and there are still plenty of things left, and I want to put them before the House, so that it might consider them and decide whether it is wise to pass such a measure or not. My only duty is to place all the difficulties that the industries are experiencing and my duty is to stand by the country and the industries and it is for the House to reject or pass the Bills.

Some Honourable Members: The question may now be put.

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

Sardar Sant Singh (West Punjab: Sikh): I want to rise to a point of order.

Mr. President (The Honourable Sir Shanmukham Chetty): There can be no point of order when the question is being put. The Chair would like to point out to the House that there have been thirty-six speeches so far on the general consideration of the Finance Bill.

Mr. D. K. Lahiri Chaudhury (Bengal : Landholders) : I want to rise to a point of order.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Chair cannot allow any point of order to be raised just now.

The question is:

"That the question be now put."

(The Assembly then divided and when the votes were being counted, the Leader of the House made a statement that there was some confusion in this matter and requested the Chair to put the question again. The Chair did so, and the motion was negatived.)

Mr. Sitakanta Mahapatra : Sir, as a new Member in this House, I think this is an occasion when provincial grievances, which can be redressed by the Central Government, can be dilated upon with absolute safety and even with some amount of profit.

Sir, it is no news to this House that sooner or later Orissa would be formed into a separate Province. The break-neck speed with which the Orissa Administration Committee, the Report of which was supplied to Honourable Members of this House in December last, finished its labours gave us the impression that the Government of India wanted to tackle the question in a businesslike way. The Report of this Committee was published in December last, but since then it seems the Government of India have forgotten all about it. The Committee reported that about 38 lakhs of rupees would be required from the Central revenues for the capital outlay of the new Province. This is a sum which is quite a fraction of what Bihar or Assam got or what even the tiny North-West Frontier Province got. But not a farthing has been set apart for the new Province of Orissa in this year's Budget. We have been utterly disappointed by the fact that the Honourable the Finance Member has not thought it fit to provide even for some preliminary expenses for acquiring lands, etc., in this connection. While other Provinces have received money not in lakhs, but in crores, probably much beyond their expectations notwithstanding their show of dissatisfaction, my poor Province of Orissa has gone by default. My poor country has been for decades and decades simply a consumers' Province. Since the advent of British rule, we have all along bled white to fatten other Provinces. We have got no industry and no commerce,—nothing of the sort. I hope this one factor is enough for a generous response to our demands by the Government. If the Honourable the Finance Member expects any representation from the Bihar Government before he decides to take any action in this matter, I am afraid his expectation will not be fulfilled. Sir, the great Province of Bihar is in the grip of an extremely severe calamity.

The Government of Bihar have moved heaven and earth for relief measures and their actions have evoked the highest praise from all quarters. My unfortunate country was stricken last year with almost an equally severe calamity. But although the poor Divisional Commissioner and the District Officers concerned did all that was humanly possible for individual officers, the Government at the head preserved a stoic silence. The Government of India did not hear of it, or if they

did, they did not realise how grave the situation was and is still. So I say that we in Orissa do not expect much from the Local Government. Sir, the Sind Committee have recommended a separate University and a separate chartered High Court for that Province. I am quite sure that, in spite of bigger deficits in that Province, the Government of India will find money for these purposes. Our claims also are no less. But I shall deal with these subjects on proper occasions.

The question of a satisfactory settlement of the boundaries of Orissa is still hanging fire. The non-acceptance of the majority recommendations of the Orissa Boundary Committee has plunged the whole nation in the deepest grief. The situation in Orissa has become extremely grave, and unless Government come to the rescue, the co-operating section of the public men in Orissa will be placed in the most delicate and difficult position.

Sir, I now come to another vital question that agitates the Oriya mind today, the question of interest that is paid to the Central Government annually on pre-Reform irrigation debt, by poor Orissa. This interest comes to a sum of about ten lakhs a year. But when Honourable Members of this House learn the history of this irrigation debt, they will simply be astonished. Sir, there was a day, not very long ago, when the Oriya Empire extended from your own constituency of Coimbatore to the river Ganges in Bengal from which my Honourable friend, Mr. Amar Nath Dutt, hails. Then we were happy and contented living in the most fertile country on the face of the earth. But our woes began with the advent of the British mercantile community in our fine country. The commercial activity of these British merchants is responsible for all our miseries. Orissa is composed mainly of coastal districts and is a deltaic country. Formerly we used to have floods in our rivers every year as a blessing, because the flood water used to come and fill our cultivated lands with sufficient water, deposit silts in abundance, and all surplus water used to pass on to the sea. We looked upon our rivers as the mother; but when the British merchants came, they saw that we had no railways and hence they thought of digging waterways throughout the country as a business proposition, and so the canals were introduced, to our great misfortune, in our fair land. I shall give you a history of this project in short from a Government Report, the Report of the Orissa Flood Committee of 1928 composed of the three best available engineers in India that year.

"History of the introduction of canal irrigation into Orissa.

It will suffice to say that as a result of a report of Sir Arthur Cotton which has since been shown to have been based on incorrect premises the Orissa canals were taken in hand in 1863 by a private company, the East India Irrigation and Canal Company, in spite of a warning from the Government that the profits anticipated were almost certainly over-estimated. The company failed in 1868, when the works were only half-completed, and Government took them over and finished them, although on a less ambitious scale than had originally been contemplated. Owing to the huge capital cost the canal system has never been remunerative: it does little more than pay its working expenses, leaving the bulk of the interest on the original expenditure to be met from other sources."

So you will find that a private British mercantile concern built these canals in Orissa, anticipating over-estimated profits based upon incorrect premises. That company failed. But the blessed British Government, in order to save the British promoters of the company, purchased their

[Mr. D. K. Lahiri Chaudhury.]

project and completed them, and we are now required to pay an interest of Rs. ten lakhs a year upon the misfortunes of that British business company. Besides this huge burden on our resources, the canal system introduced has laid our country in ruins today. Our periodic floods are entirely an outcome of this system. I shall quote a few lines from the above mentioned Report:

"After two tours throughout the areas in question, one of which was undertaken during the flood season, after consideration of the records of past years and of previous investigations which have been placed before us, and after collecting a large amount of new data on our own account, we have come to the conclusion that the problem which has arisen in Orissa is due in the main, to the efforts which have been made towards its protection. Every square mile of country from which spill water is excluded means the intensification of floods elsewhere; every embankment means the heading up of water on someone else's land. Orissa is a deltaic country and in such a country floods are inevitable; they are Nature's method of creating new land and it is useless to attempt to thwart her in her working. The problem in Orissa is not how to prevent floods, but how to pass them as quickly as possible to the sea. And the solution lies in removing all obstacles which militate against this result."

And, again, they say:

"That the embankment system is at the bottom of their troubles is, we have found, fully realized by the people of Orissa, and one of the most insistent demands made to us by the inhabitants of the semi-protected and unprotected areas is for the complete abolition of the canal systems and the throwing open of the fully protected area to the spill of the rivers. They argue that the effect of this protection is to intensify the floods on the remainder of the country and, as we have stated, there is clear justification for this view."

Sir, this is the opinion of the three best engineers in the country as regards the root cause of our woes. So, due to the avarice of a firm of British merchants, we have been paying a toll of ten lakhs a year since 1868—that is for the last 68 years—and no one knows how long we shall continue to pay it. We are helpless and at the mercy of the Honourable the Finance Member. The Central Government spent less than three crores over the whole project and they have received in interest more than six crores already. I think the time has come when the Honourable the Finance Member should take all these facts into consideration and relieve us of this unbearable burden imposed upon us much against our will. I sincerely believe, before leaving the shores of India, the Honourable Sir George Schuster will find his way to bind the Oriya nation in a bond of gratitude to him. Sir, I have done.

Sirdar Harbans Singh Brar: Mr. President, it has been unfortunate that all the five years of my Honourable friend, the Finance Member's career have been years of deficit. But he has tried to manage it as best as he could. In a few days time, he is calling a Conference of all the provincial representatives for solving that urgent problem of rural indebtedness and other cognate problems, and I would just like to put a few points in that connection for his consideration that they may receive attention from the Conference to be called. The agricultural indebtedness at the time is pressing very hard on the cultivator. The *sahukars* or *baniyas* or money-lenders have resorted to the expedient of not going to the Courts, but getting arbitration decrees, so as to save them money on stamp fees and litigation and keeping the total burden on the debtors intact. The instalments and other things do not come in the way in arbitration decrees, and, therefore, the burden becomes much severer and harder on the peasant. Some means

must be found that the machinery of the law is not abused and that the debt which appears to be at this time impossible for the cultivator to pay in full is reduced to the proportions of his capacity to pay and that a sword is not kept hanging over his head so that his efforts and energies may not be dissipated from continuing his profession. And some other avenues may be found, some of which I myself a few days ago suggested at a zamindars conference at Moga in the Punjab, and which Mr. Jagan Nath Aggarwal repeated this afternoon in this House, for adding to the income and prosperity of the agriculturist by way of a subsidiary profession or industry in the rural areas, so that the time, when he is not occupied on his farm, may be utilised for some productive purposes and his profession kept going. With these provincial representatives, schemes may also be canvassed and investigated for rural uplift, by way of rural communications and rural sanitation, so that work may be found for the labourer and better ways of speedier and convenient transport for the marketing of agricultural produce may be increased and some ways suggested for taking alternative plants instead of wheat, which at present appears to be an unprofitable crop to grow. We may consider the establishment of some central or provincial committees to advise the peasants for such kind of crops for which there may be a possibility of finding a profitable market. These items might, I suggest, be considered by the Conference which will be meeting in a few days time next week under the distinguished chairmanship of perhaps the Finance Member himself.

One other subject I would like to be considered before the Finance Member goes Home, and that is that some scheme should be evolved for the solution of the unemployment problem among the educated classes, and it has been suggested in certain quarters, both in the Provinces and at the Centre, that the Government of India might be pleased to retain the services of Sir George Schuster on special duty to investigate the problems of solving both rural indebtedness and unemployment. It has been suggested in many quarters that this is a subject which cannot be lightly treated, nor can it be solved without a thorough investigation and without the strong efforts of one individual specially devoted to that task. So, if possible his services may be placed on special duty for that purpose, and he may be persuaded by Government to accept that arrangement, so that some ways of establishing Land Mortgage Banks, as in Germany and other places, may be discovered. I was told by some of the Provincial Ministers that they had not enough material to proceed with their schemes, and that it would be advisable if a special officer with expert knowledge and experience were asked to carry on that duty.

As the jute duty has been remitted to Bengal, and as has been pointed out by my friend, Mr. Jagan Nath Aggarwal, the claims of the Punjab salt require attention. I would ask that the excise duty on oil produced in the Punjab may also be remitted to the Punjab. I do not grudge any remissions to any Province, much less to Bengal, but the other Provinces have as much right to claim the same privilege which is granted to one Province, and, as has been shown during this debate, Bengal is the most lightly taxed Province . . .

An Honourable Member: No, no, not lightly taxed.

Sirdar Harbans Singh Brar: It has been shown by figures that the tax per head in Bengal is the lightest, except perhaps in Bihar and Orissa. That being so, if Bengal had been reluctant to tax her own people and her own resources and thus make her Budget always a deficit Budget, the other Provinces have a much better claim to a remission from the Central

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Revenues. So I suggest that, if it is possible, a portion of the excise duty on oil and salt should be remitted to the Punjab, so that they may carry out their own schemes of uplift and progress within their own borders for the benefit of those unhappy zamindars and martial classes who have rendered no less service to the cause of the King and the country than any other within the borders of India.

Next, I find that instead of having either provincial autonomy or responsible Government in India, the local self-government institutions are crumbling; even the little autonomy we are enjoying in the small institutions of local self-government like the Municipalities and District Boards is being taken away from us. If that be the attitude of the Paramount Power or its agents, the bureaucrats in the Provinces, then we can hardly expect much from the Joint Select Committee or the Government. Even up to now, when our own statesmen are considered fit to hold responsible positions of Executive Councillors and Ministers in the Provinces, when these Ministers are put in power and profit, they do not consider their own colleagues and equals fit to be Presidents of District Boards and even Municipalities. The Punjab is in the happy position of having as her Minister for Local Self-Government one of those great nationalists who suffered at the hands of Government during the martial law days for his advanced views, but, unfortunately, the little progress which was made by his predecessors in office, I mean Sir Fazl-i-Hussain and Sir Feroze Khan Noon in advancing responsibility in local self-government institutions like District Boards, he has taken those powers out of the electorates in those places. Even to this day, in almost all the District Boards official Chairmen are kept, and District Boards are told that if they desire it, they can carry a resolution by a majority to be permitted by the Ministry of Local Self-Government to substitute a non-official Chairman in place of the Deputy Commissioner. But what do we find? Even when District Boards carry such resolutions, for full nine, ten or even eleven months the Ministry for Self-Government do not grant their sanction to the District Boards of electing their own President, so as to give time to the Deputy Commissioners to try to get those resolutions cancelled by coercion and other means. Even when they fail to do so, Government put those Deputy Commissioners as nominated members by name in those District Boards, so that they may get themselves elected by the Boards. If that be the attitude of our Ministers towards these small local self-governing institutions, little can we expect in the way of provincial autonomy or even responsibility at the Centre. Further, when elections take place, more often than not, many an executive head exercises his influence in favour of certain pet children or pet friends of his own. A few days ago, I happened to visit my constituency in connection with the zamindars' conference at Moga. Certain facts were brought to my knowledge that the Sub-Divisional Officer had actively canvassed in favour of a particular candidate by calling particular individuals to his house and asking them to canvass in favour of his own friend. On an interview, my information was confirmed that complaints were received even by the Chief Secretary, but no action was taken and the thing went on. If such things can be allowed at this time of the day, when we are expecting the second instalment of Reforms or responsible self-government in India, what can we expect to be the nature of those Reforms? I submit that the Government must take serious notice of these things and press on the Local Governments and their executive agents that such action on their part breeds discontent and disrespect

and suspicion in the minds of His Majesty's Indian subjects. The time has now come when suspicion should be removed and better feelings should be established between the subjects and the Government, and if the things which I have mentioned are allowed to continue, the reverse will be the result. As Lord Morley has said, moral and intellectual conditions are not the only motive forces in a community. Political and material conditions set the limits at which speculation can do either good or harm, and these discontents are a sort of an indication of political conditions which may do harm. We know that the material conditions are much worse and so I do not want to detain the House any longer on this question. With these few words, I wish to bid farewell to the Honourable the Finance Member for the way he had helped us in every possible manner.

Mr. A. H. Ghuznavi: I have been hearing four electioneering speeches. The first electioneering speech which we have heard tonight was from my friend, Mr. Aggarwal. I shall give him a reply when the salt question is taken up. Then came a speech from my Honourable friend, Mr. Ranga Iyer. He will be replied to when we shall be considering the match-making and sugar-making Bills. I will also reply to my Honourable friend, the ex-Chief Justice of Patiala, who has just spoken.

Now, I am going to deal with the speech of my Honourable friend. **Mr. Mitra.** I was having temperature the whole day and was not in the House, and I did not have the intention of making a long speech tonight except to place certain facts before the House as I may not stand for election again to this Legislative Assembly. But, after hearing Mr. Mitra, I had to change my mind. I shall confine myself at this late hour to giving him a reply. Mr. Mitra complained that his and our speeches were not reported and he was taking the Home Member to task for that. What was perhaps in his mind was that the Government of India were subsidising a news agency. Nowhere else in the world is a news agency subsidised except in India, and what do we find? The subsidised news agency is attentive as soon as a Member of the Executive Council is on his legs to make a speech. It seems that after the death of Mr. K. C. Roy, who used to control the Associated Press of India in Delhi and in Simla, the control passed on to Bombay, and what have these poor fellows to do? They are told that they must restrict themselves to a certain limit in sending telegraphic news, and, therefore, the best thing they can do is, since they get a subsidy from the Government of India, to send out *in extenso* the speeches of Honourable Members of the Executive Council. Again, this is the first time, as far as I remember, within the last ten years, that an Anglo-Indian paper does not publish the Associated Press news, but they get their own people to report, and they are also now publishing the reports sent by the United Press. I have no objection to the Government of India subsidising the Associated Press of India or the Indian News Agency, but surely, if they want to do that, they ought also to give a certain amount of help to this infant news agency which has just been started. I want to make this point that if that news agency was not a reliable agency, the Anglo-Indian papers would not have accepted and published their news. The Associated Press, as far as I know, make it a condition precedent that the newspapers which subscribe to their news should not subscribe to any other news agency, but, in spite of that condition, the *Statesman*, an Anglo-Indian paper, refused to carry out their obligation in that sense and they are now taking the United Press news. The Government-subsidised Associated Press are not able in many instances

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to get important and up to date news available to the United Press in Bengal. For instance, day in and day out, I find in the *Statesman* many items of news sent by the United Press and not by the Associated Press. Therefore, I am in entire agreement with my Honourable friend, when he was attacking the Home Member for the meagre press report of most of the speeches on the non-official side.

The next point that he made was, he attacked the Home Member regarding certain statements of his as to the terrorist activities of the Hindu *Bhadralok* classes, and he said that the Home Member had been condemning the *Bhadralok* classes. Unfortunately, I was not present when the Home Member delivered his speech with reference to the *Bhadralok* classes, and so on. At the same time, what he said was, and it is true, that it is the Hindus who are terrorists, but it is not as if the Hindu officials only are shot. Sir, I am very glad you have given me an opportunity of placing certain facts before the House. I am going to read one or two passages from the address which was presented to His Excellency the Viceroy by the Central National Muhammadan Association, the oldest Muslim political body in India, founded in 1877, by the late Right Honourable Syed Ameer Ali, P.C., which has to its credit 52 years' service. What did that Association say when they approached His Excellency the Viceroy in December, 1932? I want to place this before the House for the information of my Honourable Muslim friends from the Punjab and the United Provinces, to give them an idea of the reason why Muslims in Bengal are behind hand. It is due to the fault, not of Hindu brethren, but of the Government:

"When the British East India Company acquired from Shah Alam, the last Moghul Emperor, the Dewani of the Eastern provinces of India, Moslems, throughout India, particularly in Bengal, held predominant position and commanded wealth and political influence. Persian was then the court language and civil, criminal, executive and revenue officers were mainly Moslems. Members of the Moslem aristocracy such as feudal lords, Jagirdars, Mansabdars, Amadars and Lakhirajdars, who held rent-free grants generously utilised their resources for the general well being of the country. The Civil Lists of 1793, when Lord Cornwallis made the Permanent Settlement of land revenue, show that Moslems then formed more than 75 per cent of State servants. It was not until 1828, when the Resumption Proceedings were instituted in Bengal and conducted for 18 years with a degree of harshness leaving a legacy of bitterness, that serious disaster overtook many ancient Moslem landholding families."

Sir William Hunter, in his "Indian Mussalman", speaking of these disastrous effects, said that at an outlay of eight lakhs pounds upon resumption proceedings, an additional revenue of three lakhs pounds a year was permanently gained by the State. A large part of the sum was derived from the land held rent-free by the Mussalmans. Hundreds of ancient families were ruined and the educational system of the Mussalmans, which was almost entirely maintained by rent-free grants, received its death blow. Speaking of the condition of the Mussalmans in the public services of India in 1872, the same writer says:

"There is now scarcely a Government office in which a Muhammadan can hope for any post above the rank of porter, messenger, filler of the inkpots and the mender of the pens."

These are not my words, but the words of an ex-I. C. S. officer, Sir William Hunter. Then the address says: Turning now to only one of the grievances of the Mussalmans which vitally affect our well being while we

are aware of the decision of the Government to have one-third representation of the Mussalmans in all the services, we regret to observe that this has so far remained more or less a pious wish. So far as Bengal is concerned, in 1906, Sir Lancelot Hare, the then Lieut.-Governor, declared that the Mussalmans had not received as much employment in the public services as was laid down, that they should be given one-third of the representation in all branches of the public service and that two out of three appointments should be given to them until that proportion was reached. After the settled fact of the partition of Bengal was unsettled, Lord Carmichael, the then Governor, declared that the principle of one-third representation of the Mussalmans in the public services should be maintained. During the regime of Lord Lytton it was laid down to the effect that 45 per cent of the representation should be given to the Mussalmans of Bengal in the civil services and 33 per cent in all other services. Yet today, says this address, there are departments of Government where there is not a single officer who is a Mussalman with the exception of a few and the proportion of the Mussalmans is far below the one-third, and it says "we beg leave to append a brief statement showing the present position of the Mussalmans in the principal services of the Province". Mr. President, I will only read one or two of these statements. In the High Court of Calcutta, out of 17 Judges, we have got only one Muslim Judge. In the appointments in the High Court, out of a total of 32, we have got two Muslims, among the District officers, additional District Magistrates and Joint Magistrates, out of 62, we have got two Muslims. These are all from the Bengal Civil List. District Judges,—out of 68, there are six Mussalmans.

Mr. M. Maswood Ahmad: May I know if the appointments are under the Local Government or the Government of India?

Mr. A. H. Ghuznavi: Under the Local Government.

Mr. Muhammad Yamin Khan: How many Mussalmans are there in the Cabinet of Bengal?

Mr. A. H. Ghuznavi: There are two Ministers and one Member out of seven.

Mr. Amar Nath Dutt: How many are Europeans?

Mr. A. H. Ghuznavi: I shall place the list on the table and you can have a look at it yourself. That there are a large number of Hindus cannot be denied.

Mr. Amar Nath Dutt: There is only one Hindu Minister and one Executive Councillor.

Mr. A. H. Ghuznavi: I will now straightaway go to the question of the terrorists. Whether my friends admit it or not, the movement is entirely confined to the Hindus of Bengal.

Mr. S. C. Mitra: Is the Honourable Member aware that there are Muslim detenus also?

Mr. A. H. Ghuznavi: There were no Muslim detenues at all till 1934. I have been informed that there was a conspiracy to get hold of one or two Mussalmans in Chittagong to give the appearance that Mussalmans were also in it, and I can assure my friend that as soon as I go back, I will take up that matter myself and I will see that according to the Islamic traditions and laws and according to the Quran, it is enjoined that every Mussalman, if he is a true Mussalman and not a Mussalman only in name, cannot go against his King and the King's servants. That is the injunction given in the Quran. If you want the quotation from the Quran

Mr. S. C. Mitra: What is the Hindu tradition?

Mr. A. H. Ghuznavi: I will give it to you from a translation which makes it abundantly clear that no one who follows the Muslim religion can go against the King, be he a Muslim King, or an English King or any other King.

(Interruption by Sardar Sant Singh.)

Now, Sir, as this is a Finance Bill, I am going to draw the attention of my Honourable and esteemed friend, Sir George Schuster, to the state of things in the Income-tax Department. This was submitted to His Excellency in December, 1932. What is the proportion of the Muslims in the Income-tax Department? The total of Income-tax Commissioner and Assistant Income-tax Commissioners is six. Of this, only one was a Muslim, but today there is not a single Muslim in the Department. There is not a single Assistant Commissioner of Income-tax. I hope and trust that Sir George Schuster will look into this matter before he leaves the shores of India. Surely in a Province where the Mussalmans are in a majority, it should not be the case that there is not a single Muslim as an Assistant Commissioner or Commissioner.

Mr. Amar Nath Dutt: How many Assistant Commissioners are there?

Mr. A. H. Ghuznavi: Sir, the third point I wish to make is this.
 12 MID With regard to the post and telegraph service, when one looks
 NIGHT. at the conditions in England and here, one finds a tremendous change. For instance, in England, they have got cheap greeting telegrams, X'Mas and Easter telegrams and they have got beautiful forms and they are making very great propaganda for its large use and introduction. Here also they have introduced the *Diwali* and the *Holi* and the *Christmas* forms, and so on. Now, yesterday was our *Id* day, and I wanted to send some *Id* greetings by means of cheap telegrams. In spite of my best efforts for the last six days to get some of these forms, I failed. I went myself yesterday to a telegraph office and asked them to show me the rules and the forms. He kept *choop*, and then he pointed out a dirty and filthy board and said: "Look here, you better read that". I asked, "What about the forms?" "Don't ask me", he said, "read that and make up your mind". When I said, "Well, I am going to report the matter to my Honourable friend, Sir Frank Noyce," it appeared that that gentleman did not even know who Sir Frank Noyce was, it had no effect at all. Three times I repeated my request for a form and for a copy of the rules, but it fell on deaf years, and the man went on talking about his daughter's marriage, and so on. I then left the place and I said I better save some money I wanted to spend and send a few letters only.

An Honourable Member: Where was that?

Mr. A. H. Ghuznavi: I will not give the name of the telegraph office, because Sir Frank Noyce will probably take very serious steps, and I do not want to put that man to trouble.

The Honourable Sir Frank Noyce: Sir, it is not much good making any complaint to me unless the details are also given.

Mr. A. H. Ghuznavi: Sir, it is a pleasure to go to a post office or a telegraph office in England. But take a telegraph office in Calcutta apart from Delhi. You will have to wait for one hour before your message is taken. The man goes on talking about his daughter's marriage, his son's marriage and illness in the house. He does not even look at you, he simply tells you, "Wait, let me finish what I have to say about my daughter's marriage and my son's marriage". (Laughter.) Sir, it is a pleasure on the other hand to go to a telegraph office in London, and why? Because it is not a Government service there, but a commercial service.

Mr. Amar Nath Dutt: Hear, hear.

Mr. A. H. Ghuznavi: Even before I produce the money, the receipt is ready and not one man is standing. I used to go to the St. James's Street Post Office. What a clean post office it is there, and it is a pleasure to buy your postage there. Not even half a second are you detained. Here, on the other hand, you have multifarious arrangements about registered letters being accepted up to 3 o'clock, money orders being accepted up to 4 o'clock, with late fee up to five o'clock, and with additional late fee up to six o'clock, and so on. They in England have the offices open for all these transactions from eight in the morning to eight at night, and there is no late fee: you can have your registered letters, your money orders, your telegrams, and so on, done for you in the post offices; and, of course, the telegraph offices are open day and night, excepting one holiday, that is Sunday. Here we have one delivery, thereby disturbing the peace of the rest of the day. Now, I ask, how can a man remember all these different hours for different kinds of postal business? Now, I, for instance, the other day wanted to send a very urgent letter down to Calcutta, and here is an E. I. R. time-table where is mentioned a train, called the Calcutta-Delhi Mail. Now, the use of the word "mail" there led me to think it carried mails. Now, on Sunday, that letter was completed, and I sent my man with a late fee and an extra late fee and the letter to be posted at the Delhi station at 11 o'clock at night, believing that this Calcutta-Delhi Mail would carry this letter. Now, I spent, apart from the late fee, about Rs. 4-8-0 on petrol in order to carry the letter to the post office—and you know, Sir, how the petrol bill goes up with a car knocking about in New Delhi round and round all these corners. The man came back at twelve saying that the mail is carried by a slow passenger train from Delhi to Mughalsarai and that slow passenger train leaves here at half past ten. So, he was only half an hour late, and that train will catch the Punjab Mail at Mughalsarai. Now, what is the idea? Why do you call this the Calcutta-Delhi Mail? I always understood that a mail train carries letters and other mails. Then I thought, probably the best thing would be to send my letter by the Air Mail and I thought the

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Air Mail was going to Calcutta every day. Now, I sent my man to a place called the "Gol Post Office." Now, the man on duty there kept my man waiting . . .

Mr. President (The Honourable Sir Shanmukham Chetty): The Honourable Member might have sent his man to Calcutta, after spending all that money.

Mr. A. H. Ghuznavi: The difficulty is that the Calcutta-Delhi Mail had left at half past eight in the morning.

Mr. D. K. Lahiri Chaudhury: The telephone was open.

Mr. A. H. Ghuznavi: Then, Sir, there is one more point, and I have done.

Now, when the excise duty on sugar and the excise duty on match-making will be taken up, you will hear a lot from me. I will give a complete reply justifying these two excise duties,—the match-making and the sugar-making both! Sir, the excise duty on kerosene is, I understand, 11 pies, and the import duty on kerosene is 15 pies. The difference between eleven and fifteen pies is four pies. I understand that these four pies—if the tax is raised to fifteen pies—will bring in a crore of rupees which the Government, however, are making a present of to the Burma Oil Company.

Sir, there is another thing I want to bring to your notice. You have directed us to sit here the whole night in order to finish the Finance Bill. Sir, you will remember that you wished to give us at least four days to finish the third reading of the Finance Bill; and the late Mr. Patel—I remember in 1929—went on till the seventh day and he gave us seven days to discuss it. I realise, Mr. President, that this Bill has to go through tonight as the 31st is coming very soon, but what I want to point out is this. Surely the Treasury Benches knew their programme of legislation. The Tariff Bill was introduced on the 22nd of December last and the Government knew that they were bringing up that comprehensive Bill on the 22nd January again. The Bill, which was introduced only on the 22nd of December, was a short Bill and a temporary Bill for two months only. Look at the time that has been wasted of this House, see to the day-to-day debate with regard to that short Bill, and what is the result? We are again sitting with this comprehensive Bill which will come before us. Who is to blame? Why do you force us to sit from 9 o'clock in the morning in the Select Committee and then from 11 o'clock in the Assembly, and then you force us to sit in the night. When the Treasury Benches know that all these things cannot be finished, why do they keep the most important Bill for the final discussion at the latter part of the Session. I protest against this procedure. It is not fair. We are not paid for sitting here for such a long time. We get an allowance of Rs. 20 only, and we are made to sit in the Select Committee from 9 to 11 A.M. and then from 11 A.M. to 5 P.M. in the Assembly, and you have directed that the sitting of the Assembly should take place for the whole night. I hope and trust that in future we will not be compelled to work from 9 o'clock in the morning till midnight or even later.

Sardar Sant Singh: Sir, during the course of the debates on several Bills, an appeal has been addressed by several Honourable Members on the Treasury Benches to this side of the House for responsive co-operation.

This side has been offering co-operation to the Government rather too lavishly. The Government, on the other hand, has not only refused to respond, but has consistently demanded what may be termed slavish co-operation. This side is always willing to offer co-operation to the Government on equal terms, but never on terms of abject slavery to their views.

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

The unpleasant incident of this evening, Sir, goes to show that the Treasury Benches are bent upon having not only the satisfaction of carrying out everything in their own way in this House, but they are now developing a mentality which cannot tolerate any criticism and so the Government want to gag us. Under the catching phrase of balancing of the Budget, the Government want to get huge sums of money from the poor masses of India. The previous Government used to get huge sums from their subjects by sheer force of arms. Though the form has now changed, yet the substance remains the same. Sir, the position is this that we have been reduced to this pass on account of the attitude of those gentlemen who are elected representatives of the people. If they have the least sense of respect for their electors, they would act here as the real representatives of the people who have sent them here. I do not want to use any uncharitable expression towards them, but I cannot help saying that they are the mere henchmen of the Government. On this important occasion, when the Government demand supplies from us, we have constitutional right to express the grievances of our constituencies and of our country.

First of all, I want to discuss a question, which is regarded as not of any importance but which is a very important question, and that is the question of granting or refusing a passport for foreign countries. Sir, so far as I am aware, there is no legislative authority to the grant or refusal of a passport for the foreign countries. The necessity for issue of a passport is to extend recognition of the status of British subjects to the applicant who intends to go out to travel or for any business or commercial purpose in a foreign country. Thus the getting of a passport is a right of the people. It is the inherent right of a British subject to get a passport. So long as he pays the taxes and retains the status of the British subject, he can claim the protection of the laws of the State. It is the duty of the Government to issue a passport when one is demanded. But, as a matter of fact, the passports are refused on grounds which cannot stand examination. I want to bring to the notice of this House a recent case where I sent an application of a Sikh for the grant of a passport. It was refused by the Punjab Government and the Honourable the Home Member of the Government of India sent me the following reply:

"I have received your letter of the 9th March, 1934, forwarding an application from Mr. Amar Singh for a passport to Japan. The question is one for the decision of the Punjab Government and I regret that from the papers I have seen the case is not one in which I can possibly make any recommendation in his favour."

The whole letter is Greek to me. I really cannot understand why a passport should be refused by the Punjab Government, and why the Government of India should not exercise their power by asking the Punjab

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Government to do their duty in the matter. As I submitted before the House, the getting of a passport is an inherent right of the British subject. He pays the taxes for the protection which he expects to get from the Government of India. He expects the same protection when he goes out to a foreign country. Even if he were the worst criminal, even if he were the worst political suspect, he has a right to go out of the country so long as he is not accused of any offence and remains a free man in the country. Government probably overlook the provision in the Penal Code which confers jurisdiction over the acts of British subjects wherever they may be if they commit any acts which infringe the provisions of the penal laws of this country. In the face of these provisions, I do not see any justification for refusing a passport. But the case I have just cited is a hard one. I could not possibly find what objection the Government could have had in granting a passport to a person who was going to Japan to push the trade interests of India. A special commodity consumed in Japan was arranged to be exported from India and introduced into Japan by this gentleman who applied for a passport, but was refused. Not only that, the purpose was commercial but the employer of this applicant for passport is a gentleman of very high status and approved loyalty to the British. He is Raja Daya Kishen Kaul. I do not understand the reasons which led to the refusal of the passport. He was no doubt once convicted of an offence of political nature, and there may be police reports against him on account of his political activities, but these are not grounds for refusing a passport to him. But this is not the only case of its kind. I have applied for passports for several other individuals, and one of them was Sardar Mangal Singh, B.A., a respected member of the Sikh community. But the passport was refused. I, therefore, submit that it is high time that a strong protest be made in this House against the manner in which the power of issuing passports is used. Will the Government maintain the position that India is a cage from which nobody should escape? Or is it the reason that Japan or any other country is the breeding ground for political discontent and that no person should be allowed to enter that land lest he may prove a dangerous criminal? I do not think there is any such feeling here at all. I do not think why the passport should be refused so lightheartedly without any reason or justification.

The next point with regard to the Finance Bill is the question of expressing another grievance of my community. At this time probably the House does not know that the whole Sikh community is agitated over the question of the coming reforms. Not only on the merits of the various proposals that are engaging the attention of the Joint Select Committee in England is the Sikh mind agitated, but the question of Communal Award is also agitating very strongly the Sikh community in the Punjab. Those of us who have been reading the newspapers know that recently a Conference has been held in Lahore and very strong speeches are said to have been made against the Communal Award. Again, I will, in response to the demand for co-operation which the Government make upon us, sound a note of warning to the Government of the dangers of this step they are taking if they are pushing forward the Reforms on the basis of the Communal Award. His Majesty's Government issued that Award on the pretext that the communities whom the Reforms are likely to affect did not come to any mutual agreement between themselves. This reasoning does not convince anybody. As a matter of

fact, if His Majesty's Government were honest in their effort to bring about a solution of the communal trouble in India, this was the greatest blunder, a Himalayan blunder, that His Majesty's Government could commit in making any Award at all. As a matter of fact, if honesty were behind this decision, His Majesty's Government should have set their face against it and should have made it clear to the communities concerned that so long as there was a mutually agreed formula between the various communities, the Lucknow Pact, on which the present Constitution is being worked, and to which the Hindus and Muslims and others were parties, would hold the ground. My submission is that His Majesty's Government should have taken their stand on that formula and should have told all the contending parties that they would not interfere.

Mr. A. H. Ghuznavi: But the conditions have changed. When that formula was accepted, there was the official block and the nominated block and all these will disappear under the new Reforms.

Sardar Sant Singh: I am very glad that my Honourable friend has come forward as an advocate of His Majesty's Government's decision, and I take his word that the conditions have changed. Quite so, the conditions may have changed, this argument may be correct, but still the point remains that it is the primary duty and the primary object and concern of the communities themselves to settle the communal question among themselves. It is the principal concern of the contending parties to arrive at a mutual agreement. If they failed to do so, it is not the business of His Majesty's Government to decide it for them. His Majesty's Government must maintain the *status quo*. If the conditions and the circumstances have changed, then it is for the communities themselves to take note of the changed circumstances and to come to a decision. Where one party, on account of certain encouragement from a third party, refuses to come to a settlement, the best position of the Government as an arbitrator or as an impartial judge would be to maintain the *status quo* till that is altered by mutual agreement. This proposition is sound in principle and sound in conception and very sound in practice. I still maintain my ground that His Majesty's Government has made the greatest blunder by announcing that Communal Award. At this time, when still the question is before the Joint Select Committee, I want to raise my voice of warning to the British Government and to the Government of India that if any Reforms are based upon this Communal Award, the Government shall be responsible for the state of affairs that will result in the Punjab. This is not a language of threat, this is the language of truth, this is the language of sincere conviction. The consequences, as I narrate them, are likely to happen if the Communal Award is not changed. I understand and appreciate the difficulties of the Joint Select Committee wherein, if my information is correct, and I speak subject to correction, wherein the Muslim Members of the Joint Select Committee threatened to stage a walk out from the Joint Select Committee if the question of Communal Award was brought under discussion. I know that in the face of such difficulties the Sikhs have a very feeble voice in this House and I know that the Sikhs can never claim a majority in any Legislature, and if the question is to depend upon vote, I know we will fail miserably. But this is not a question of votes at all, it is a question of the community and I tell you that the Sikh community is strong enough to fight its battle in the Punjab.

Captain Sher Muhammad Khan Gakhar: I challenge you, we are ready to fight, and work according to this Communal Award.

Sardar Sant Singh: We have fought you before, and we will fight you again and crush you again. It is not a question of my fighting with you, but it is the concern of the Government that have to remain in power. If the Government still want to settle the matter amicably, the settlement can come. But if the Government want to see us fight the Government will have that pleasure in the matter. However, I come to another aspect of the Communal Award. I understand that in the Councils of the Government of India certain serious misrepresentations are being made by interested parties to the effect that the Sikhs are not as serious in the matter of the Communal Award as they appear to be on the public platforms. I know that certain objectionable language has been used in the Cabinet of the Government of India about the capacity of the Sikhs and the intellect of the Sikhs in general. Well, I do not want to use that expression, but I warn the Government of India against listening to such a language which misleads and brings nobody any good. This is the same sort of language as was used at the time when the first Sikh War was fought in 1848. If I have had time, I would have read from the history of the Sikhs by Mr. Cunningham. The book is with me now, wherein the author states that before the Chillianwala battle, the Governors and the Agents of the Governor General used to use a very disparaging language about the bravery of the Sikhs and about their capacity to fight and about their inner quarrels and disputes. But after the battle all that had to be modified. Mr. Cunningham states that the whole mentality of the British Government underwent a change after that battle. Similar will be the conditions later on. You may be laughing in your sleeves when you find that the Sikh leaders are fighting among themselves in the Punjab. Yes, Sir, at this time they are fighting, but do you know on what points they are fighting? Each party accuses the other of the lack of sufficient enthusiasm in the matter of setting aside the Communal Award. They are not fighting on any other issues. They are fighting, because one party accuses the other of spathy and inactivity in fighting this Communal Award. So you can judge the nature of the fight that is being carried on. The Communal Award is going to create the greatest trouble in the Punjab and in duty bound I bring it to the notice of Government to take whatever steps they think necessary in the matter of modifying it so far as the Punjab is concerned.

The next point which I want to discuss in this connection is the attitude of Government in under-mining the respect for the law in the country. It will probably sound a surprising declaration that Government should be accused of undermining respect for the law in the country. Before this, such charges were made against the Congress which is responsible for the Civil Disobedience Movement and which movement had resulted in undermining respect for the law. No doubt this charge against the Congress is true if we look at it from one point of view. But Government should be the last body to undermine respect for the law, that law which is passed with their consent, by their votes and under the Constitution given by them. I will illustrate my position by one example only and that is this. The cases have happened,—and I do not want to quote

those cases,—but cases have happened where people have been acquitted by Courts of Justice after a regular trial. But as soon as they were acquitted, even by the High Court, a notice restraining their movements is served upon them even on the jail gate. Is that the respect which you pay to the judgment of the High Courts established by yourselves, of the Courts which, if they are partial at all, are partial to the executive and not to the people?

Mr. S. C. Mitra: I thought this was confined only to Bengal.

Sardar Sant Singh: No, it is not confined to Bengal only, but extends to other Provinces, and more to the Punjab than anywhere else. The Criminal Law Amendment Act was passed by this Legislature and assurances were held out that it would be applied very judiciously, being a very extraordinary power arming the executive with the greatest powers which a Legislature can arm the executive with. How is it that after a person has been tried and the executive has placed all the evidence in its possession before a Judge to examine it, who, after sifting the whole of the evidence finds him not guilty, he is served with a notice of restraint and his movements are restricted? I do not understand how any fair-minded gentleman, to whatever nationality or community he may belong, can defend this action of the executive authority. My friend, Mr. Mitra, reminds me that this was the case with Bengal only. But it is not confined only to Bengal. I refer to another point now. It was a painful surprise for me to discover that a shrewd and intellectual lawyer like the Honourable the Home Member should have laid down some sweeping propositions in his statement made the other day.

An Honourable Member: He is not a lawyer.

Sardar Sant Singh: Yes, he is a lawyer and a very good lawyer. But I cannot allow this opportunity to pass without challenging some of the propositions laid down by him in this statement. This is what he said:

"I would remind the House that the troops in this country are maintained not only for the purpose of defence against external enemies but for the purpose of giving aid to the civil power in internal emergencies."

Rao Bahadur S. B. Pandit (Nagpur Division: Non-Muhammadan): What is wrong there?

Sardar Sant Singh: My Honourable friend, Rao Bahadur Pandit, asks me what is wrong with that. I am going to show what is wrong with it. This statement lays down wrong principles as to the use of troops in aid of the civil power. In no civilised administration is it the function of the troops to aid the civil power in internal emergencies.

An Honourable Member: Question!

Sardar Sant Singh: The Honourable Member who questions this is not a lawyer, and so I will ignore him. The position of the troops or the army in any civilised administration is assigned a definite place. The foremost duty of the army is firstly to defend the country against external attacks, and, secondly, to maintain internal tranquillity. We are not concerned now with external aggression. We are concerned with maintaining

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the internal tranquillity in the country. Now, two sorts of forces are to be found in the country, namely, one which always aids the civil power and that is the police force and the other is the troops. Ordinarily the civil power requires the help of the police in maintaining law and order in the country. That is perfectly justifiable and there can be no exception to that statement. But troops are only called out when there is internal disturbance which cannot be put down by the aid of the police and there the civil power has to abdicate its functions and hand its administration over to the military.

The Honourable Sir Harry Haig: Sir, though I am not a lawyer, I cannot possibly accept that as a fair description or anything approaching the facts.

Sardar Sant Singh: I wish my Honourable friend had heard me a little more and probably I should have been able to convince him of the position which I take; and if he is not convinced after that, I would then quote certain authorities from jurists in order to convince him that the position I am taking up is absolutely correct in law. First, let me state my proposition fully and completely. The first point I tried to make clear was that the troops are only called in where the civil power is unable to carry on the administration and is practically on the verge of abdicating their functions in favour of the military. This may happen in two ways. One is a temporary way, when a riot or a disturbance takes place and the police force is insufficient to quell that disturbance. There will be a temporary use of the army to quell the disturbance. The second is a more widespread disturbance of the peace which we call a rebellion or revolution. There the civil power passes its functions entirely to the military authority, and we call that a declaration of martial law. I understand that the case of Bengal does not fall in the second category, but it falls in the first category. The power of the troops in quelling the disturbance is limited to the emergency for which they have been called out. Now, in the case of riots, the emergency lasts as long as the unlawful assembly is not dispersed. But if the unlawful assembly has been dispersed and reasonable order has been restored, at once the troops are withdrawn and the police and the civil power assume charge of the situation. But what has happened in Bengal? From December, 1932, up till now, the troops have been maintained. Are we to understand that the state of emergency that is prevalent in Bengal is such that the civil power cannot put it down? If they maintain that position, then I would ask, why is the civil power functioning there at all? I am talking only of general principles: I am not helping the terrorists at all. I am illustrating this principle only for this purpose that if you hold that the civil power is functioning along with the presence of the troops, may I ask, what is the function of the troops? If their functions are the same as the police functions, then do you maintain that the powers of investigation, search and arrest have been passed on to the troops or they are still in the police there? If they are vested in the police, then the troops have no business to be there. That is the legal position. But if the troops are sent to make searches and arrest people, then I will ask him, can he point out any provision in any civilised country which is governed by any system of jurisprudence, whether troops have ever been given such a power? I do not want to go into the truth or otherwise of the allegations made in this House: I have no

knowledge of them. But I lay down this proposition solely from the lawyer's point of view. I say and maintain that the troops are being employed in order to terrorise people into submission, and are not there to aid the civil power in an emergency. As a matter of fact, there is no such emergency as needs the aid of troops. If it is otherwise, why not honestly declare a state of martial law in Bengal? But you are aware that martial law has got its own limitations, and those limitations are those of time. If martial law is not to be declared, why not strengthen the civil power and restore to the police the power of investigation, arrest and search, and whatever powers are given under the ordinary law of the land. So this proposition is a very sweeping proposition which this House, I am afraid, cannot accept in its entirety.

The second point which has been tried to be made out in that statement is the justification for detaining people without trial. The cases of persons who are detained without trial are sent to two Judges and are examined by them, and, after examination, certain recommendations are made to the executive and the executive acts upon those recommendations. This is how I understand that sentence. May I ask a few questions about this? First of all, how many cases have so far been referred to these Judges? In how many cases their recommendation went against the executive authorities and with what result? The figures should be interesting. But apart from this, there is the more serious objection to this system, and that is that without giving the accused an opportunity to cross-examine the witnesses whose testimony is to be used to their prejudice—such testimony has no value in law. Hearsay evidence is scrupulously excluded by all jurists. This evidence taken behind the back of the person is of a very tainted character and is such that no Judge, however capable, however eminent, is able to form an opinion on the evidence, and, more so, when it has been recorded by an interested person, interested in collecting material against the man, who has not had an opportunity of testing it by cross examination. So, if it is an emergency case, you are welcome to use all your power; but always remember that this should be for a limited time and for a limited purpose. In case of Bengal, the time taken has been too long: These measures have not succeeded so far, and so the Government must revise their plans. They must find out some other remedy for this disease. In this connection, I want to point out a historical fact which is probably forgotten by the Government of India, but which I cannot forget at all, because I was a victim of that myself, and that is the declaration of martial law in the Punjab and subsequent appointment and report of the Hunter Committee. That Committee went into the circumstances of the disturbances of 1919, examined the witnesses who were the actors in the Jallianwalla Bagh and perpetrators of other atrocities in the Punjab in the name of law and order. Their report should not be forgotten. The Government should understand this, that the findings of that Committee forcefully condemned the Dyer mentality which wanted to create a moral effect and not to put down the disturbance for which the troops were sent for. Therefore, if that means failed in the Punjab, where the disturbances were more widespread than probably it is in Bengal, I would remind the Government of India that this Dyer mentality can neither be tolerated by the people of this country nor should they be a party to such a mentality in their subordinates. The main argument for the continuance of this policy has been furnished by the Honourable the Home Member in his speech and his justification was,

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as stated by him, that leniency had failed, amnesties had failed and smother measures had not succeeded with the terrorists and they have, therefore, been compelled to use these measures. This may be correct, and probably this is correct. I can appreciate the difficulties of the Government in this matter; but the question is whether the severer measures which are now being employed can succeed. The verdict of history is against it. Read the old history from time immemorial: history records the clear verdict that one kind of terrorism has not been able to put down the other kind of terrorism. Such use of brutal force has never succeeded. In this connection I will quote from a chapter of the history of the Sikhs in the Punjab. Farukh Siyar wanted to extirpate the whole of the Sikh community in the Punjab. He actually set a price on each Sikh head, and, after some time, he boasted that no Sikh had been left in the Mughal Empire. At that time, 60 Sikhs came

An Honourable Member: Where is this written?

Sardar Sant Singh: Come to the Library and I will show you the books. Sixty Sikhs came out and told him "No, the Sikhs have not been exterminated: here we are, willing to suffer the penalty of your laws". They were, of course, put to death. After some time, he again ordered a search to be made for Sikhs and declared again that they had been exterminated. Again the Sikhs came out and suffered martyrdom. Now, we find that the Mughal Empire has gone, while the Sikhs have survived in the Province of the Punjab. The verdict of history is, therefore, clear. I will, therefore, tell the Government that for some time these measures may succeed, but not for all time, and I hope that the Government will take the necessary steps to put an end to this state of affairs in the country.

Mr. Uppi Sahab Bahadur (West Coast and Nilgiris: Muhammadan): Sir, this is perhaps the last Budget of ours in this Assembly, because, I understand that fresh elections to this Assembly are likely to take place some time about the end of this year. This is also perhaps the last time when we see the Honourable Sir George Schuster amidst us to discuss financial matters. Sir, it has been my great privilege to sit in this House and watch the discussion and his speeches on financial matters with great attention and profit

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

Sir, I have all the admiration for the masterly way and for the clear exposition with which the Honourable Sir George Schuster always expounded his case. It is really a sad event that we may have to lose him very soon, but he will carry with him our great admiration and gratitude to him.

Sir, this year the Budget has been the occasion of creating provincial jealousies. We find that for the last few years the Government of India have been treating the Madras Presidency with step-motherly affection. Sir, I come from a far off land which is shut out from the rest of India by the western ghats, and the voice from that land is not heard by many. In recent years, the Government of India have been sacrificing the Madras Presidency for the sake of vociferous capitalist Bombay and for the rest of India. We have been very often asked to pay high prices for the protection given to the produce of other parts of India. We have been asked

to pay for wheat protection; we have been asked to pay for sugar protection; we have been asked to protect the salt industry; we have been asked to pay for the protection of steel industry; we have been asked to pay for the textile industry. But when it came to a question of protection for us, I mean for the tanneries, the Government of India have treated us with scant courtesy

An Honourable Member: They are going to destroy the industry.

Mr. Uppi Sahab Bahadur: And the Government seem to propose to take the last step to destroy this industry, an industry which stood by them when they were in great peril. Secondly, Sir, the one industry of that part of the country from where I come which requires protection is the cocoanut industry. The total number of people who are engaged in the cocoanut industry number about a crore including Cochin and Travancore. Sir, in order to give protection to the textile industry, Government have sacrificed us. When we look into the statistics to see what the Government of India have done for us, we find at once how far they have helped us or rather how far they have sacrificed us for the sake of the textile industry of Bombay, and, in order to encourage Ceylon to buy the cotton produce of Bombay, they have taken away the little protection that the cocoanut industry enjoyed some years ago. Sir, if we look into the statistics of the cocoanut industry for the last four or five years, we find that the Government of India have been sacrificing Malabar at the altar of Ceylon. In 1923, the tariff value of copra was Rs. 23. In 1930, it was reduced to Rs. 17, in 1931, it came down to Rs. 16, in 1932, it came down to Rs. 11-8-0, in 1933, it came down to Rs. ten and, in 1934, it has come down to Rs. nine. Then, with regard to cocoanut oil, in 1929, the price was Rs. 30, in 1930, it was Rs. 26, in 1931, it was Rs. 21-8-0, in 1932, it came down to Rs. 16, and in 1933 it came down to Rs. 15-8-0, that is to say, the prices have almost come down by 50 per cent. What has been the result? The result has been enormous imports of foreign copra and cocoanuts into India. The following are the figures relating to the imports of copra from foreign countries:

	Cwts.
In 1930	1,361
In 1931	22,000
In 1932	292,508
In 1933	486,000
	Cwts.
Then coming to cocoanut oil—	
In 1930	73,759
In 1931	188,947
In 1932	511,252
In 1933	358,000
In 1934	77,759
	Cwts.
Again, number of cocoanuts imported were—	
In 1930	19,000
In 1931	47,459
In 1932	6,912,416
In 1933	3,700,000

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This has almost destroyed the cocoanut producer. This industry is the chief mainstay of the people of Malabar.

Now, Sir, I will make a special plea. You know, Sir, that I represent a community which is much maligned, I represent the Moplahs of Malabar. It has been said occasionally from responsible quarters that outbreaks in Malabar were due to want of education among the Moplahs who were held responsible for the Malabar rebellion that took place in 1921. The reason for such occasional outbursts on the part of the Moplahs is that the Moplahs are lacking in education. Economic distress too has added to increase the trouble. But, recently, within the last ten years, after the rebellion, they are taking to education. There are a number of graduates. But neither the Government of India nor the Local Government are helping them. It is not so much as a communal claim as an affair of an all-India importance that I ask that they must be brought into line with all other communities, by encouraging them to take to education. I appeal to the Government to encourage education among them by taking some of these people in the services. I hope that my appeal will not go unheard, as this is a matter of all-India importance. Sir, in the interests of Malabar and in the interests of Madras, and in the interest of India, I appeal to the Government to take some of these people in the services and encourage education among the Moplahs.

Some Honourable Members: Let the question be now put.

Mr. President (The Honourable Sir Shanmukham Chetty): If there is a general desire for closure, the Chair has no objection, and it would like to know what the general desire is.

Mr. C. S. Ranga Iyer: I suggest at this very late hour, especially after the speeches that we have been making for the whole of the week, that Honourable Members, the three of them who stood up, will take only five minutes each to drive home their arguments, because nobody wants to sit from 10 o'clock in the morning till the cock crows. If the Honourable gentlemen are willing to speak only for ten minutes, we would not like to use our privilege of closure. Otherwise we would insist on applying for closure.

Dr. Ziauddin Ahmad: Might I just say that the Honourable gentleman had been away from the House and he did not hear the speeches that had been delivered in his absence? And it will be unfair to us not to have a chance of reply.

Mr. President (The Honourable Sir Shanmukham Chetty): The Chair must make it perfectly plain that if closure is applied for and persisted in, the Chair is bound to accept the closure, and this must be made perfectly plain at this stage.

Mr. C. S. Ranga Iyer: Having agreed to a night Session, we do not want to exercise the prerogative of the majority, the very legitimate prerogative of what is known as parliamentary gag, but we expect the three Members who stood up to just control themselves and speak for five minutes or seven minutes, so that we might hear the Finance Member and conclude this debate.

Maulvi Sayyid Murtuza Sahab Bahadur (South Madras : Muhammadan) : Let me associate myself in thanking my Honourable friend, the Finance Member, for having come forward readily to render financial help to our unfortunate brethren of Bihar. The House knows perfectly well how promptly he deputed his Secretary, the Honourable Sir Alan Parsons, to Bihar to see things for himself and hold discussions with the Local Government there and come to conclusions as to what their needs were.

An Honourable Member : Why not a Persian couplet to start with?

Maulvi Sayyid Murtuza Sahab Bahadur : Sir, the House will be at one with me when I say that he would have financed the Government of Bihar more liberally if the financial position of the Government of India had permitted him to do so. If he had simply put forth his genuine endeavours in curtailing the military expenditure of the Government of India, he would have endeared himself to Indians and would not have been put to the necessity of going in for new taxation. Our North-West Frontier colleague interrupted me just now as to how it was that I did not begin my speech with a Persian couplet. To him I will recite this couplet :

*"Raiyyat chu Beegasto Sultan daraqt,
Daraqt ai birather ze Beegast Saqt."*

It means, the king may be compared to a tree and his subjects to the roots of that tree. The stability and strength of the tree rests with the roots thereof.

Major Nawab Ahmad Nawaz Khan : Internal security of India by troops—that is the meaning of your couplet.

Maulvi Sayyid Murtuza Sahab Bahadur : The Nawab Major, I am sorry to say, does not know its meaning. This is the advice given to all rulers, particularly to those of Persia, as to how they should run their administration, as to how they should mould their conduct towards the ruled. In this connection I have to say that this advice has been given not only by that practical philosopher of Persia, but also by the ex-Governors of Bombay and Bihar and Orissa and also by His Excellency the ex-Viceroy. What they have said is, that unless this Government enlist the co-operation and goodwill of Indians, there is no salvation for the Government of India and even for the British Empire as a whole. Sir, you know I was the first Muslim elected Member of the Madras Legislative Council under the Minto-Morley Reforms. For some years I was a non-changer, and I had no idea of getting into the Council or the Assembly. How a change was brought about in me may not astonish the House. When our late lamented C. R. Das visited Madras to consolidate the Swaraj Party and delivered his first memorable speech in Madras, I had the honour of presiding over that meeting—it was then that I was won over to the Swaraj Party, and I have been here for the last 11 years. I have seen many vicissitudes in life, I have experienced the ups and downs thereof, and so I am in a position to give this piece of advice to the rulers that unless they enlist the co-operation and goodwill of the ruled, they cannot run the administration with the help of repressive measures and Ordinances.

Sir, you might have heard that one unfortunate fellow, Mr. Obeidulla Khan by name, is the worthy nephew of that renowned Khan Abdul Ghaffar Khan, to whom the Government should feel indebted. He is the

[Maulvi Sayyid Murtuza Sahab Bahadur.]

one who moulded the conduct of these young Pathans. Sir, you have visited the North-West Frontier Province as I have done. You know what kind of zeal and fervour these young men have. It is Khan Abdul Ghaffar Khan that gave them such a training that they might not be led away from the creed of non-violence under any circumstances, under any provocation. You know how they behaved when they were trampled down by armoured buses. Even then they did not raise their voice. One of the flowers of that family, the nephew of Khan Abdul Ghaffar Khan and the son of Dr. Khan, has been on hunger strike for the last 56 days. We waited in deputation on the Home Member. Many of us saw him individually. The unfortunate mother of Obeidulla Khan and his unfortunate brother have addressed telegrams after telegrams to the Non-Official Members and also to the Official Members, even the Viceroy was addressed by so many ladies and gentlemen, and, lastly, by Pandit Madan Mohan Malaviya. What is the reply—"Oh, we cannot interfere in this matter. It rests with the Government of the North-West Frontier Province". The same reply was given to us by the Home Member also. Now, the House should decide—had it been the case of some ordinary Anglo-Indian with no status in life, would they have meted out the same treatment to him as they have done in the case of Obeidulla Khan?

An Honourable Member: Why not?

Maulvi Sayyid Murtuza Sahab Bahadur: Certainly not. As an Indian, you ought to have realised our position. Government do not generally care for the lives of Indians as they do in the case of Anglo-Indians or Europeans. This is how the roots of the tree are being cut off, and how ill-feeling and disaffection are being created. Had this Obeidulla Khan, who is already suffering from tuberculosis, been released it would have produced a salubrious effect in all non-co-operators. Sir, his last appeal to do away with communalism and take to nationalism deserves to be acted up to by all communities in India. It is such a noble-minded gentleman who is being treated like a felon and not like a political prisoner whose only fault is that he has not furnished security.

I have now to say a few words about the forward policy of the Government of India. Last year, you know bombs were thrown on the unfortunate and defenceless Pathans of the tribal area, and some agreement was come to between the Government of India and those tribes. Now, we have received an appeal and warning issued by the Haji Sahib of Turangzai. Most probably the Foreign Secretary's attention has been drawn to it. He has appealed in Persian. I am sorry I have not the time to read it to the House and translate it into English. I will only give the sum and substance of it. He says that some military police people are encroaching upon their dominion on the plea of hunting purposes. He says that if some of his people were to open fire on them, this will be taken as a pretext for pouncing upon them and undermining their liberty. He has warned the Government of India as also the North-West Frontier Province Government. I do not know if the attention of our Honourable friend, the Home Member, also has been drawn to it.

Mr. H. A. F. Metcalfe (Foreign Secretary): My attention has been drawn to it and practically every statement made by the Haji of Turangzai is completely untrue.

Maulvi Sayyid Murtuza Saheb Bahadur: May I know if any investigation has been made after the receipt of the representation made by the Haji of Turangzai?

Mr. H. A. F. Metcalfe: May I point out that the Haji of Turangzai has made no representation to Government. What he has done is to broadcast among our tribes on the frontier a series of complete misstatements.

Maulvi Sayyid Murtuza Saheb Bahadur: Am I to understand that the forward policy of the Government of India has been abandoned? If not, we, all Indians, Hindus, Muslims, Christians, Sikhs and Parsis, condemn such a policy. The tribal area people are our neighbours. We have lost our freedom. They are enjoying it which the Government of India want to undermine. This kind of thing is quite detrimental not only to the interests of the Government of India, but also to those of the British Empire. Moreover, it is involving us unnecessarily in so much of expenditure. Crores and crores are being swallowed by this forward policy.

Mr. H. A. F. Metcalfe: May I ask if the Honourable Member has ever considered the interests of those people who live in the administered districts? Is it his idea that they should not be protected?

Maulvi Sayyid Murtuza Saheb Bahadur: I shall be the last man not to recommend protection for those who are under the protection of the British Government, but my point is that, on the plea of giving protection to these persons, can you undermine the liberty of those who have been enjoying freedom, simply because they are not in a position to defend themselves effectively.

Mr. H. A. F. Metcalfe: Liberty to raid and kidnap?

Maulvi Sayyid Murtuza Saheb Bahadur: Liberty to manage their own affairs.

Now, Sir, a word about the unfortunate residents of Baluchistan. The House may be aware that one Mir Abdul Aziz is undergoing imprisonment for three years, simply because he was the Secretary of the Conference which had passed a Resolution to the effect that they should have the same reform as was being enjoyed by the rest of India.

Mr. H. A. F. Metcalfe: On a point of order. Mr. Abdul Aziz is a State subject of the Kalat State and any punishment which has been awarded to him has been awarded by the Kalat State. The Honourable Member is touching on a matter which affects the internal administration of a State.

Maulvi Sayyid Murtuza Saheb Bahadur: I am sorry, Sir. I am dead against the *jirga* system. The *jirga* system is being dictated by a third party. Justice is being administered in British Baluchistan with the help of the *jirga* system and the same abominable system was obtaining in the North-West Frontier Province which has now got reforms. The House will remember that it was I who moved the Resolution regarding the introduction of reforms into the North-West Frontier Province. Now, as has been pointed out by my Honourable friend Seth Haji Abdoola Haroon, this subvention question of one crore of rupees is nothing. Had our Hindu brethren, who object to this subvention, gone into the financial question

[Maulvi Sayyid Murtuza Saheb Bahadur.]

and seen as to how much was being spent upon the North-West Frontier Province *before* the introduction of the Reforms, I am sure they would have been satisfied that this one crore of rupees was nothing. Then, Sir, I want to know if Abdus Samad Khan, who was the Chairman of the Reception Committee and who is now undergoing trial, has not been permitted even to produce evidence in his defence.

Mr. H. A. F. Metcalfe: Sir, on a point of order, as the case of this gentleman is *sub judice* is the Honourable Member entitled to discuss that on the floor of the House?

Maulvi Sayyid Murtuza Saheb Bahadur: This much only has been said, namely, is it a fact that he has not been allowed

Mr. President (The Honourable Sir Shanmukham Chetty): Order, order. In the case of any matter which is *sub judice*, the Honourable Member should not refer to it at all.

Maulvi Sayyid Murtuza Saheb Bahadur: Before concluding, I have to say one thing about my Province. Sir, out of fourteen High Court Judges, we have not had even a single High Court Judge in Madras who is a Muslim. Sir, my esteemed friend and Leader, Sir Abdur Rahim, who was our High Court Judge, retired, as you know in 1920. Ever since we have been raising our voice and requesting the Government to give us at least one Muslim High Court Judge, so that the Islamic laws may be properly interpreted and administered in Madras. No doubt, when he was serving on the Public Services Commission, one Mr. Faiz Tyabjee was appointed to act for him, but when there was a permanent vacancy in 1920, ever since fourteen years have rolled by, not even a single Muslim has been made a High Court Judge. Though I know that Madras is a major Province, yet I trust the Government of India, particularly the Law Member and the Home Member may interest themselves in this matter and see that out of fourteen at least one Muslim is appointed as a High Court Judge.

Then, Sir, as regards the abolition of the export duty on hides, I have to say that it is an unredeeming feature of this Finance Bill. The tanning industry in Madras has been killed, and now if what has appeared in today's papers about the abolition of export duty on skins be true, if that scheme should come to pass, then the tanning industry will have to bid farewell to and the tanners of Madras will have no other go but to close all the five hundred tanneries in Madras. With these few words, Sir, I resume my seat.

Several Honourable Members: The question may now be 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: (Applause.) Sir, we have moved rather far from that atmosphere of post-prandial facetiousness which my Honourable friend, Mr. Mody, is so fond of talking about. We have

covered a very large range of subjects, and I feel sure that there is no Member here who will not appreciate that this is not exactly an easy debate to reply to.

I had thought, in the first place, that the most appropriate speech on which I might frame my own reply would be the speech made by my Honourable friend, the Leader of the Opposition, but my Honourable friend has been unable to bear the strain and the heat of the night and I, therefore, must deal rather shortly with what he said. I had intended to answer his particular and specific question about the Capitation Award. He asked us very definitely to explain the position in that respect. What I had wished to put to him was this, that our original claim was based on several grounds and that it was only on one ground that the Tribunal supported our claim. It was then left to His Majesty's Government to assess the value of that ground. My Honourable friend asked whether we had put forward a claim that we did not consider to be just. Certainly we put forward no claim in which we did not believe. But, like other litigants, we do not always win on all our claims. The only question was whether His Majesty's Government's assessment of the one ground on which we won was a fairly reasonable assessment or so unfair and unreasonable that we ought to protest against it. As to that, there was no doubt as to our decision and that has already been communicated to the House.

Now, my Honourable friend dealt with another matter which has also been touched upon by other speakers, and, therefore, I will say something about it. He complained again that we had not a sufficiently constructive economic policy and he complained that the conclusion of my own review on the subject of an economic policy had been one which was no better than "wait and see". Now, Sir, that is not a fair account of the position that I took up. I claimed and I still claim that there had been proceeding, and that there is proceeding, a very definite industrial development and that India in the last few years has made remarkable strides towards being more industrially self-supporting than before. At the same time I made it clear that India cannot expect, at least in my view, to achieve her maximum economic development and well-being merely by relying on her own industries and being entirely self-contained and self-supporting. I made it quite clear that India must have a substantial foreign trade; and although she has become more self-supporting, although, for example, as regards cement, matches and a large range of iron and steel products India is now entirely self-supporting, although she has enormously diminished her need for outside supplies in such articles as cotton piecegoods, cigarettes, tobacco, electric fittings and electrical appliances of all kinds, of which I gave a list still she does need external trade in order to find a market for those products which she is specially adapted to produce and on the production and sale of which so large a proportion of her people rely. I then dealt with the question of how we were to secure our markets for those goods and made certain suggestions and indicated to the House the lines on which we were working. I need not go over that ground again. I merely wish to emphasise the point that we have a constructive plan, that we are working on a constructive plan and that we can claim very substantial results from that plan. On the other hand, we cannot claim and we do not claim that we can from India regulate the world economic position. Now, Sir, if there had been time, I would have dealt much more fully with that, but I think that the House is weary and will no doubt wish me to conclude as quickly as possible.

[Sir George Schuster.]

I wish to deal especially with the speech made by my Honourable friend, Mr. Mody. Mr. Mody raised an issue of very great practical importance. He raised, in fact, two issues. He dealt with the growing competition of the Kathiawar ports from two points of view,—first, the threat to the financial stability of the port of Bombay and, secondly, the loss to the Government of India's customs revenue; and, in dealing with the latter, he raised two questions—dangers to our revenue from smuggling and dangers to our revenue from the working of the agreements which we have with the various States. I would remind my Honourable friend that it was as regards his allegations under this last-mentioned head that I told him that he would have to make good what he had said and that we could not allow the matter to rest as he had left it. Now, as to all those matters which concern the effects on our customs revenue, I do not wish to say anything very detailed or full tonight. I wish to say no more than this—that we are fully alive to the importance of the points which my Honourable friend has raised. Our attitude must be one, of course, of treating all sides fairly, but we must also see that we ourselves are fairly treated. As regards the question of smuggling, active steps are now being taken and, so far as it is possible to minimise that danger, I hope that in a short time all that can be done will have been done. But as to the other issue—the financial position of the port of Bombay, I wish to say this. The Government of India recognise that the maintenance of the trade and the financial stability of the port of Bombay is a matter of far more than local importance in which they have a very direct concern. The Government of India have assured the Government of Bombay that they will do all that is in their power to ensure to the port of Bombay conditions of fair and equal competition with other ports and the ability to hold its place in such conditions. The Government of India propose to institute an early inquiry into the financial position of the port of Bombay in order to determine what measures on their own part may be necessary. So, on that point at least I have been able to deal definitely with what has fallen from my Honourable friend.

Then, Sir, I should have liked to say something with reference to the speech made by my Honourable friend, Raja Bahadur Krishnamachariar, who leads the Centre Party. But he unfortunately is also not in his place, and my remarks may fall rather flat. If he had been here, I would have given him the assurance for which he asked, though he was one who apparently did not ask for very much. He said, he would be contented with an assurance of sympathy. I could perhaps have offered him more than that. He complained that I had not emphasised again in my latest speeches the importance that we attach to all the agricultural interests in this country. I could have assured him that there is no one of us, Members of the Government, today who does not realise that it is the agricultural interests which should have our primary consideration. (Applause.) I could have explained to him that, of the various issues which he raised, there was not one which was not down on the agenda of the Conference which we intend to hold next week with the representatives of the Provincial Governments. We certainly are fully alive to the urgency of the issues to which he referred, and we shall do our best in consultation with the Provincial Governments to find the best method for dealing with them.

Now, Sir, my Honourable friend, Mr. B. Das,—and he is still with us—raised one or two points on which I feel I ought just to say something.

My Honourable friend, I think, said, "we want a better designed system of taxation", or words to that effect. I might go so far as to say that in a certain sense I agree with him. I think the time has come when the relative reliance we place on the various heads of taxation should be reviewed and I have already made it clear in my Budget speech that we intend to go over all the heads of customs revenue very carefully. I think the time has come when this is perhaps the most important task in the field of the Finance Member's responsibilities. My Honourable friend wished for some information as regards the administrative side in connection with the proposed new excise duties. That perhaps can be dealt with more fully when we come to discuss the Bills, but I can tell my Honourable friend this—that the arrangements are all made for keeping a record of the issues of excisable articles made from factories as from the 1st April. No payments will be due until the 1st of May, but on the 1st of May payments will be due on issues made as from the 1st April, so that, if the measures are passed, everything is in train for collecting the revenue. My Honourable friend raised another point as to the amount of stocks which would be available and on which we should be unable to collect an excise, because they might have been issued from the factories before the 1st of April. That is an important practical point, and it is quite possible that as regards matches we may not collect the full amount of revenue which we have estimated in the course of next year. It is impossible really to say for how long the stock of matches, which will have already been issued and in the hands of retailers before the 1st of April, will last. But the point that I want to make is that, whenever we had introduced an excise measure of this kind, we should have been up against a practical problem of that nature, and there is no reason to suppose that the stocks which will evade the imposition of the excise duty are at present larger than they would normally have been.

Then, my Honourable friend asked some particular questions about the debt position of India. First of all, he asked me whether there was any unfunded debt which did not appear in our tables. I answered that question that our tables are quite complete and there is no hidden liability not there revealed. He commented on one particular feature which is important. He commented on the fact that since 1928 the margin shown as uncovered debt had risen by something like 80 crores. It is, of course, almost impossible in such a table to explain all the factors which go to affect our debt position, but the one important factor which accounts for practically the whole of the increase of our uncovered debt is the result of our sales of silver. When we sell silver, silver which has stood in our currency reserves at its full face value in rupees, we only, of course, get in return the bullion value of the silver, and in order to maintain the full margin against the currency notes issued, we have to create treasury bills to make up the gap. That process has created a debt which on the whole of our silver sales amounts to about 84 crores, and that accounts for practically the whole of the increase shown in our uncovered debt. I think those are all the special points with which I need deal.

So far as the general issues are concerned, I think I may say that the debate has shown that they have, in the sense I had hoped, proved non-controversial, for what I meant by that was that after a bitter controversy raised on our proposals when we first introduced them in September, 1931,

[Sir George Schuster.]

I hoped that the House had come to accept the fact that those proposals were really necessary in order to meet the needs of the situation and that apart from criticisms of detail Honourable Members had not got any alternative plan to suggest to us by which it would have been practically possible to meet the needs of the situation.

The greater part of the discussion this evening and tonight has ranged over a wide field of subjects and has hardly touched upon the special financial problems. The question of Bengal and the justice of our proposals for Bengal have been dealt with, and there, in that connection, I should like to say that my Honourable friend, Mr. Raju, who started by talking about the "milking of Madras" went on to give us a series of figures which seemed to me to make out the most convincing case possible for giving some special assistance to Bengal, and I was very glad to see my Honourable friend, the Leader of the Opposition, take up that point from those figures which had been quoted and elaborate and add force to it by other figures which he was able to present to the House. I hope very much that in the sense used by my Honourable friend, the Leader of the Opposition, that particular part of our proposals may now be regarded as having been accepted by the House, and having passed out of the range of controversy. (Hear, hear.)

This, Sir, is the last debate on the last Finance Bill that I shall have to handle in India and, on such an occasion I should, if the hour had not been so late, have ventured to make a few particular remarks. I will only say one thing and that is this. A good many Honourable Members who have spoken—I revert again to this question of a constructive economic plan—a good many Members who have spoken, I think, have felt that the Government of India have not been very enterprising in their methods and they felt that they would have liked to have seen a popular Finance Minister dealing with the plan more in consonance with the popular demand. Well, Sir, history has not yet passed its verdict on the rightness or the wrongness of the various methods which have been tried by many countries for dealing with the present situation. It still remains to be proved whether the bold experiments such as President Roosevelt has been trying in America are right. It still remains to be proved what the ultimate reactions of plans of that kind may be. We have followed less ambitious plans, but yet plans that have been just as carefully thought out. We have been influenced, and let us be quite clear about that, we have been influenced very much by British methods, but let us also be clear that we have not been influenced by British motives. I wish to make that very clear, for there was only one point in the whole of the speech made by my Honourable friend, the Leader of the Opposition, which gave me a certain amount of pain, and that was when he suggested that we here are still under the influence of British motives. Well, Sir, there is no Member of this Government who ever looks at any question except from the point of view of what is right for India (Applause), and there is not one of us here who would consent to continue a policy which was influenced by other motives. There may sometimes be differences of opinion, there may be choices of courses which may be taken and there may be one course which would be more popular and more easy to take, but, when the balance is even, then sometimes one has to choose the course which is the harder one and the less popular, if it appears on

principle to be right. We, in judging of our financial principles, have definitely staked our faith on British methods. Well, Sir, I believe that British methods may in the long run prove the best. We have kept our position sound, and I venture to think that when the Indians of the future look back on the history of these years, they will not be so critical as many are today of us who have adhered to a difficult course and sometimes an unpopular course, but a course which has at all times been guided by a desire to follow right principles and to avoid quack remedies. (Applause.)

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

"That the Bill, as amended, be passed."

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): The House now stands adjourned till eleven of the clock, this morning.

The Assembly then adjourned till Eleven of the clock on Wednesday, the 28th March, 1934.