

19th March, 1923

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

VOL. III.

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THIRD SESSION

OF THE

LEGISLATIVE ASSEMBLY, 1923.



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LEGISLATIVE ASSEMBLY.

Monday, 19th March, 1923.

The Assembly met in the Assembly Chamber at Eleven of the Clock. Mr. President was in the Chair.

MEMBER SWORN:

Sir Henry Moncrieff Smith, Kt., C.I.E., M.L.A. (Secretary, Legislative Department).

QUESTIONS AND ANSWERS.

RAILWAY CONNECTIONS IN WEST COAST DISTRICT, MADRAS.

572. ***Mr. Mahmood Schammad Sahib Bahadur**: 1. Is it a fact that there is only one railway line passing through the Palghat gap, connecting the West Coast districts of the Madras Presidency with the general railway system?

2. Is it a fact that as this line was damaged during the Malabar rebellion military movements to Malabar were delayed, and hence the suppression of the rebellion was considerably delayed?

3. Do the Government propose to connect the general railway system with the West Coast railway by the construction of the long proposed Mangalore Arsikere (or rather Mangalore Hassan) line and facilitate the movements of military, etc., to the West Coast districts of the Madras Presidency?

Mr. C. D. M. Hindley: (1) Yes.

(2) The answer to the first part of the question is in the affirmative. As to the second part, in view of the fact that the damage to the Railway line in question was very quickly repaired, it cannot be said that the length of time taken to suppress the rebellion was thereby materially affected.

(3) The reply is in the negative. The position of the Mangalore Arsikere (Mangalore Hassan) Railway project is as stated in the answer given to the Honourable Member in the Legislative Assembly on 5th March, 1921.

PASSAGE CONCESSIONS TO CERTAIN OFFICERS.

573. ***Rai Bahadur G. C. Nag**: Is it a fact that in consideration of the high cost of passage to the United Kingdom certain concessions have been sanctioned for all gazetted officers of Non-Asiatic domicile to facilitate their passage home?

The Honourable Sir Malcolm Halley: The answer is in the affirmative. The concession is in the form of an interest free advance for passage money.

Mr. K. Ahmed: Could not that concession be applied to any other country, Sir, except the United Kingdom? What is the principle followed in granting the concession?

The Honourable Sir Malcolm Hailey: The high cost of passages to Europe is the reason.

CONCESSIONS TO MEN RECRUITED THROUGH STAFF SELECTION BOARD.

574. ***Rai Bahadur G. C. Nag:** (a) Is it a fact that men from all provinces are recruited through the Central Staff Selection Board in the Government of India Secretariat?

(b) If so, will Government be pleased to state whether the grant of any concession is under consideration in respect of the different classes of officers employed in the Government of India Secretariat in view of the prevailing high rates of railway fares? If not, why not?

The Honourable Sir Malcolm Hailey: (a) Yes.

(b) For journeys on duty the ordinary travelling allowance rules apply. Private journeys are, of course, not paid for by Government.

INABILITY OF SECRETARIAT STAFF TO VISIT THEIR HOMES.

575. ***Rai Bahadur G. C. Nag:** (a) Is the Government aware that there is a growing discontent amongst the Secretariat staff owing to their inability to visit their homes even once at long intervals?

(b) If the answer is in the negative, will Government be pleased to enquire about the matter through the Association of the Uncovenanted Service of the Government of India?

The Honourable Sir Malcolm Hailey: (a) Government are not aware that this is the case. The expenditure on leave allowances would certainly indicate that sufficient leave is granted to the Secretariat establishment.

(b) The Association is of course at liberty to make any representation they may wish.

FREE PASSES AND P. T. O's.

576. ***Rai Bahadur G. C. Nag:** What is the total number of men (excluding the menials) belonging to the Railway Board, who are eligible for the privilege of free passes and P. T. O's.?

The Honourable Mr. C. A. Innes: 130.

COST OF P. T. O. CONCESSION.

577. ***Rai Bahadur G. C. Nag:** (a) Will the Government be pleased to state what will be the total additional annual cost if the concession of a P. T. O. is granted to all men of the Government of India Secretariat once a year?

(b) Will the Government be pleased to state whether this additional cost will be covered by the corresponding gain which will accrue from the abolition of the free Railway passes to which the staff of the Railway Board are at present entitled? If so, will the Government be pleased to give this suggestion a trial?

The Honourable Mr. C. A. Innes: (a) It is impossible to say.

(b) In view of reply to (a), this question does not arise.

Sir Jamsetjee Jejeebhoy: May I ask what P. T. O. means?

The Honourable Mr. C. A. Innes: I do not know.

GOODS SUPPLIED BY BIRKMYRE BROTHERS.

578. ***Mr. Manmohandas Ramji:** Will the Government be pleased to state:

- (a) the description, quantity and rate of goods supplied to Government during 1922-23, by Messrs. Birkmyre Brothers, from their own mill, and also, separately, those supplied through them from outside,
- (b) whether Messrs. Birkmyre Brothers were left the choice of supplying from their own mill, or whether Government gave the order to them after comparing the prices outside,
- (c) if the firm were left the choice, before fixing their price for their goods whether the firm had invited tenders; and if so, how their price as finally charged compare with others,
- (d) whether in the case of goods supplied from outside, before purchasing them, Messrs. Birkmyre Brothers invited tenders for those goods,
- (e) whether Government still think of obtaining expert advice from Messrs. Birkmyre Brothers, and
- (f) if the answer to (e) is in affirmative, will Government consider the advisability of fixing commission for expert advice only; and make purchases themselves directly from the open market, thus saving that portion of the purchasing commission now given to Messrs. Birkmyre Brothers?

Mr. A. H. Ley: (a) The statement desired by the Honourable Member involves details of over 400 items. A list of these items has been prepared and is available for inspection by the Honourable Member in my office.

(b) Messrs. Birkmyre Brothers had full discretion to supply the articles required from their own mill, or to obtain them from other suppliers, having due regard to the interests of Government.

(c) Government are unable to say whether in the case of every item to be supplied tenders were first called for by the firm. As they were not required to submit tenders received by them to Government, the information desired by the Honourable Member in the matter of comparative prices is not available.

(d) Messrs. Birkmyre Brothers usually invited tenders for orders entrusted to them as Government agents, but were not obliged to do so. They were at liberty to purchase as they thought best, their responsibility to Government being that of an agent to his principal.

(e) and (f) The Honourable Member is referred to the reply given on the 16th January last to part (c) of his question No. 100. Until the Indian Stores Department has been developed further, it is not proposed again to revise the contract now in force with this firm.

Mr. K. Ahmed: After the expiry of the contract of Messrs. Birkmyre Brothers, will the Government be pleased to try their level best to get a cheaper market through some other firm?

Mr. A. H. Ley: Government will consider the situation when the contract expires.

MR. V. SRINIVASA SASTRI'S WORKS ON COMMITTEES.

579. ***Maulvi Miyan Asjad-ul-lah:** Will the Government be pleased to state:

- (a) On what committees did the Right Honourable Mr. V. Srinivasa Sastri serve since he became a Member of the late Imperial Legislative Council and of the Council of State?
- (b) What total amount by way of travelling and other allowances has he drawn for serving on those committees?
- (c) What amount has the Right Honourable Mr. V. Srinivasa Sastri drawn for his work in connection with (1) the League of Nations, (2) the Washington Conference, (3) his recent Dominion tour?
- (d) Is it a fact that he took some one of his relations in the capacity of an assistant at the cost of the Government in his dominions tour? If so, in what capacity?
- (e) Is it a fact that the Right Honourable Mr. V. Srinivasa Sastri has been appointed to the Royal Commission recently announced?

The Honourable Sir Malcolm Hailey: (a) and (b) The Honourable Member is referred to answer No. 40, which was given by Sir William Vincent to Mr. Reddi Garu's question on the same subject during the September Session, 1921.

(c) Mr. Sastri was not deputed to the League of Nations. For the Washington Conference the following terms were sanctioned:

Honorarium £200 per month.

Hire of Car.

Outfit allowance £40.

Daily allowance 10 shillings a day while on board ship.

First class travelling expenses including Pullmans and subsistence allowance of 10 dollars daily while in the United States plus the cost of rooms.

Entertainment allowance of £100.

The terms sanctioned for the recent Dominion tour were—

Honorarium £200 per month.

Entertainment allowance £100.

All travelling expenses.

Subsistence allowance at £3 per day in Canada and £2 per day elsewhere when not in receipt of Government hospitality plus the actual travelling expenses of a servant who received a subsistence allowance of half a guinea per day.

The accounts have not yet been finally settled but the aggregate amount drawn by Mr. Sastri was approximately Rs. 32,400.

(d) The answer is in the negative. The second part of the question does not therefore arise.

(e) Government have no information. The personnel of the Commission has not yet been settled.

Munshi Iswar Saran: Is Government aware that the Right Honourable Mr. Sastri gets Rs. 125 a month from the Servants of India Society, of which he is the President just now?

Mr. President: I do not think that is a matter " within the special cognisance " of any Member of the Government.

POLITICAL CONFERENCE HELD BY MRS. BESANT.

580. ***Maulvi Miyan Asjad-ul-lah:** Will the Government be pleased to state:

- (1) Whether permission has been granted by the Government to hold the recent Political Conference of Mrs. Besant in the hall of the Eastern Hostel?
- (2) If so, whether any rent has been charged by the Government for the use of the hall under reference?
- (3) If so, what was the rent charged for the hall and the rooms occupied by the delegates who came to attend the Conference?
- (4) How many delegates actually occupied these rooms?

Colonel Sir Sydney Crockshank: (1) Permission was asked for and given to use the hall for the Conference on the understanding that no residents of the hostel objected to the use of the hall for the purpose.

(2) No rent was charged by Government for the use of the hall.

(3) 9 rooms in the Eastern and Western Hostels were occupied by delegates who came to attend the Conference. A sum of Rs. 214-15-0 is the amount of rent charged for the use of these rooms.

(4) It is not known how many delegates occupied these rooms.

Mr. Jamnadas Dwarkadas: Sir, may I correct the question asked by the Honourable Member. He refers to the Conference of Mrs. Besant. My answer to him is that it was not a conference of Mrs. Besant. It was a conference of all those who believe in parliamentary action as against direct action, and it was presided over by Sir Tej Bahadur Sapru, the late Law Member of the Government of India.

RENTS OF OFFICIAL RESIDENCES.

581. ***Mr. W. M. Hussanally:** (a) With reference to answer to question 395, will Government please state why the percentage of rent payable by officers goes on decreasing as the salary goes on increasing?

(b) Do Fundamental Rules leave it to the option of Government to charge as rent any percentage of the salary up to 10 per cent. or do they require that 10 per cent. should be charged?

Colonel Sir Sydney Crockshank: (a) The Honourable Member is referred to the concluding portion of my reply to question 395, to which I may perhaps add in explanation that, although the basic accommodation is more or less the same for senior officers and junior officers alike, the additional or more commodious accommodation required by the former does not as

a rule bear the same proportion as to cost as does the difference of salary of the former over the latter.

(b) The rules regulating rent are contained in Rule 45 of the Fundamental Rules, copies of which are available to Honourable Members in the Library of the House. Under the Fundamental Rules 10 per cent. is the minimum rent charge which can be levied when a Government residence is supplied both at Simla and Delhi unless the total of the combined rents for the period of occupation of each residence comes to less than 10 per cent. in which case the combined rents will be charged.

When a residence is supplied in one place only Government may fix on any percentage up to 10 per cent. of emoluments to be recovered as rent, or in the alternative charge the actual rent of the house if it happens to be less than 10 per cent. of the officer's emoluments.

INCOME AND EXPENDITURE OF NEW DELHI.

582. *Mr. W. M. Hussanally: (a) With reference to answer to question 396, is it a fact as stated at page 249 of the Incheape Report that while the total income from Imperial New Delhi is 9 lakhs a year, the upkeep costs about 16½ lakhs a year?

(b) If so, what will be the total income and expenditure when all buildings and other works are completed, and what will be the net loss a year?

(c) Does this loss take account of the interest charges on capital borrowed and sunk?

(d) Do Government propose to revise rents and all other sources of revenue from New Delhi so as not only to make up this heavy annual deficit to the tax-payer but also to make up the interest charges and sink-fund upon the capital invested?

Colonel Sir Sydney Crookshank: (a) and (b). The figures of maintenance charges and receipts given in paragraph 2, page 249, of the Report of the Indian Retrenchment Committee relate to the conditions which will exist after completion of construction of the New Capital.

(c) Partially.

(d) It is not possible to say as the New Capital will not be completed and formally occupied until 1925-26.

RENTS OF QUARTERS IN DELHI.

583. *Mr. W. M. Hussanally: (a) With reference to answer to question 398, if full recovery of rent is not possible, how is it that Government neither gains or loses on these rents?

(b) Will the Government consider the question of altering the Fundamental Rules so as to recover a larger percentage with a view to save the tax-payer the heavy loss?

Colonel Sir Sydney Crookshank: (a) As implied in the reply which I gave to question No. 398, the recovery of rent sufficient to recoup Government from loss can only be effected if the house is in occupation at the full assessed rate throughout the whole year.

(b) Government do not propose to amend the Fundamental Rules in the manner suggested.

ELECTRICITY CHARGES IN DELHI.

584. *Mr. W. M. Hussanally: (a) With reference to answer to question 400, why is it that Government servants are charged only three annas per unit and others only 6 annas when the rate in the city is 8 annas?

(b) What is the cost of production including interest on capital invested, superintendence and all other charges?

Colonel Sir Sydney Crookshank: (a) The three-anna rate is a special provisional rate and is based on averages on which Government gets a reasonable margin of profit in supplying current. Private consumers are few in number at present and are charged at six annas a unit, the rate formerly charged by the local supply company, subject to certain conditions. Government do not wish to encourage those who are not Government servants to obtain their current from Government instead of from the local supply company.

(b) The information is being collected and will be given as soon as it is available.

Mr. W. M. Hussanally: Does the rate of three annas leave any margin of profit to the Government, and, if so, how much?

Colonel Sir Sydney Crookshank: In supplying current at the three-anna rate Government pays its expenses and has a small margin of profit, but I am not in a position to say exactly what profit is made. The cost of production for bulk supply is somewhere in the region of two annas per unit.

FURNITURE DEPARTMENT.

585. *Mr. W. M. Hussanally: With reference to answer to question 401, will Government please state if they propose to consider the question of transferring the Furniture Department to a private firm on certain conditions?

Colonel Sir Sydney Crookshank: No proposals in this direction are before Government and no recommendations to this effect have been made by the "House Committee" of the Legislatures. Enquiries will, however, be made from time to time as to whether any arrangements for private agency which do not cause discomfort or additional expense to tenants are feasible.

RENT OF BUNGALOWS IN DELHI.

586. *Mr. W. M. Hussanally: With reference to answer to question 402, will Government please state:

- (a) the number of bungalows leased;
- (b) what is the aggregate rent per year paid thereon;
- (c) the aggregate rent recovered thereon;
- (d) the total gain or loss;
- (e) the names of officers occupying the same;
- (f) do these officers pay rent for all the year round or only for the period of actual occupation?

- Colonel Sir Sydney Crockshank:** (a) 16 for migratory Officers.
 (b) Rs. 39,492 which includes repair charges.
 (c) Rs. 17,050.
 (d) Loss per annum, Rs. 22,442 maximum. This is reduced by letting these bungalows in the hot weather when possible.
 (e) See list below.*
 (f) For period of actual occupation.

Names of occupants.

The Honourable Mian Sir M. Shafi.
 The Honourable Sir B. Blackett.
 The Honourable Rao Bahadur B N. Sarma.
 The Honourable Mr. C. A. Innes.
 The Honourable Mr. A. C. Chatterjee.
 The Honourable Sir W. M. Hailey.
 Mr. B. N. Mitra.
 The Honourable Mr. E. M. Cook.
 The Honourable Sir A. Muddiman.
 The Honourable Mr. D. Bray.
 Mr. A. V. V. Aiyer.
 Mr. E. W. Baker.
 Mr. S. C. Gupta.
 Mr. E. Burdon.
 Mr. J. McGregor-Cheers.
 Mr. P. P. Hypher.

INCOME OF IMPERIAL DELHI MUNICIPALITY.

587. ***Mr. W. M. Hussanally:** With reference to answer to question 408 (c) and (d), do Government propose to levy any such taxes; and come to some understanding with the Delhi Municipality?

The Honourable Mr. A. C. Chatterjee: The question of the most suitable form of local taxation to be imposed in the Imperial Delhi Municipal Area will be considered when that area is more fully developed than it is at present and acquires a permanent population for whose benefit the proceeds of such taxation will be expended.

MOSQUES IN DELHI.

588. ***Mr. W. M. Hussanally:** (a) With reference to question 421 (3), was it a condition of the land acquisition proceedings that the repairs to mosques would be allowed only if the architectural features conformed to those of the surroundings? If not, under what authority is this condition being insisted upon?

(b) Will Government please state what were the grounds of refusal for repairs to Kalali Bagh Mosque, *vide* Mr. Wazir Dyal, Executive Engineer, 1 Project Division, No. 5693, dated 22nd October, 1921?

(c) Have any such applications been refused, if so, will Government please place on the table a statement thereof showing the mosques, the names of applicants, the grounds of rejection of the application?

The Honourable Sir Malcolm Hailey: (a) The answer is in the negative. Government as owner of the land has an unquestionable right to lay down conditions for buildings on its property.

(b) The detailed layout of the locality was not ready in October 1921. Since then the details of the layout have been completed, and an estimate has been sanctioned for a compound wall which actually encloses more land for this mosque than was originally attached to it. This will tend to the convenience of the users of the mosque and of the residents in this locality.

(c) The correspondence is so ephemeral in character that Government do not think it would serve any useful purpose to prepare any such statement.

MOSQUE IN RAILWAY AREA, DELHI.

589. ***Mr. W. M. Hussanally:** With reference to Railway Board's letter No. 155-W.-23, dated the 6th March, 1923, to my address communicating to me answers to questions regarding questions relating to mosques within the new station area:

- (a) Will Government please order the publication of the answers?
- (b) With reference to answer (b) are Government aware that they would be wounding the feelings of an important section of the community by appropriating the court-yard as proposed?
- (c) Will they consider if there is no other way to save the court-yard of the mosque from the station platform?
- (d) With reference to answer 2 (a), what arrangements are to be made to allow ingress and egress to the mosque at all times and at the same time ensure public safety?

The Honourable Sir Malcolm Hailey: (a) Yes:

(b) Government recognise that objection would be expressed as to this course and regret that so far it has not been successful in persuading those concerned of the impossibility of adopting any alternative.

(c) Every possible way of doing this has been considered without finding any other solution of the matter.

(d) The arrangements cannot be foreshadowed until the new Railway Station is built.

Mr. K. Ahmed: Will the Government be pleased to state in what way they have tried their level best to come to some understanding with the Muhammadan community and to please them, on the one hand, and, on the other hand, how there is no other alternative that they can take in order to satisfy Muhammadan opinion?

The Honourable Sir Malcolm Hailey: As regards there being no other alternative, I can only say that the engineers who are designing the railway station have done their best to find one and that, if this court-yard were not taken, it would involve a diversion of the line at great additional cost.

As regards the negotiations, I believe that those who are concerned have been approached in the matter and it has been suggested to them that they may receive compensation in a form which would enable them to put up a building elsewhere. Unfortunately, those negotiations have not been successful.

Mr. K. Ahmed: Will the Government be pleased to lay on the table the correspondence that passed between the Engineer, the Chief Engineer, and the Government of India showing why it was impracticable for them to do the needful, as the Honourable Member says?

The Honourable Sir Malcolm Hailey: I do not think any correspondence has taken place between the Executive Engineer and the Government of India.

Mr. K. Ahmed: May I ask how and under what circumstances the Government of India was in a position to come to that conclusion, as it has been answered in this Assembly that they could not adopt any other way but to adopt the principle they have adopted in order to save the courtyard of the mosque?

Mr. President: I think that is a little too complicated for a supplementary question.

Mr. K. Ahmed: Is the Honourable the Home Member satisfied that neither the Chief Commissioner nor the Government of India had any other alternative method open to them?

Mr. President: The Honourable Member is already aware that the Home Member is satisfied with the course taken.

VOTING BY NON-OFFICIALS.

590. ***Mr. Mohammad Faiyaz Khan:** Will the Government be pleased to state if it issues instructions to the non-official nominated Members of the Legislative Assembly regarding their voting and other matters?

The Honourable Sir Malcolm Hailey: The reply is in the negative.

Rai Bahadur Bakshi Sohan Lal: Sir, does the Government issue instructions to official Members of the Assembly to give their votes in a particular manner?

The Honourable Sir Malcolm Hailey: Official Members are, of course, under the ordinary obligation of officers of Government to support the Government to the best of their ability at all times and in all places.

Lala Girdharilal Agarwala: Does that apply to social legislation like Dr. Gour's Bill?

Mr. President: That question does not arise. The Honourable Member can study the division lists and satisfy himself?

QUESTION OF FREE VOTING.

591. ***Mr. Mohammad Faiyaz Khan:** (a) Is it true that one or two non-official nominated Members of the Legislative Assembly were brought to task by the heads of their District or Division on their return to their homes, for having given their votes against the Government wishes according to their free will?

(b) If the above statement is true, will the Government consider the question of stopping this practice and allow the non-official elected and nominated Members of the Assembly to vote according to their wishes and conscience?

The Honourable Sir Malcolm Hailey: (a) Government have no information.

(b) No restrictions have been imposed by Government on the voting of non-official Members of the Assembly.

I should like to do it.

MILITARY PASSES ON RAILWAYS.

592. ***Mr. Mohammad Faiyaz Khan:** (a) Is it true that British soldiers while on leave are granted second class passes on the Indian Railways?

(b) If it is true, are the Indian soldiers too granted second class Railway passes?

Mr. E. Burdon (a) No.

(b) The question does not arise.

BOMBING ON FRONTIER TRIBES.

593. ***Mr. Mohammad Faiyaz Khan:** What has been the cost of bombing the Frontier tribes by aeroplanes?

Mr. E. Burdon: The attention of the Honourable Member is invited to part (ii) of the reply given on the 23rd January to Mr. Kamat's question No. 258.

Mr. K. Ahmed: Is there any prospect of getting any profit out of this inhuman work of bombing people on the Frontier?

ARMS ACT EXEMPTIONS.

594. ***Mr. Mohammad Faiyaz Khan:** When is the Government going to allot a day for discussing the non-official Resolution regarding the life exemption from the operation of the Arms Act of the Members of Indian Legislature signed and sent by so many Members?

The Honourable Sir Malcolm Hailey: The Government do not propose to allot any official time for the discussion of the Resolution referred to by the Honourable Member; but if the Government can give up any official time during the present Session they are prepared to allot such time for the discussion of one or two non-official Resolutions to be selected by a ballot held in the usual way.

THIRD CLASS BOOKING OFFICE AT SHOLAPUR.

595. ***Mr. B. S. Kamat:** (i) Will Government be pleased to state if it is contemplated by the Great Indian Peninsula Railway administration to abolish their third class passengers Booking office situated in Sholapur city in Bombay Presidency?

(ii) Are Government aware of the keen feeling of disapproval with which any such proposal of the Railway is looked upon by the large population of Sholapur on the ground of great public inconvenience which is likely to be caused to the commercial community and the public at large?

(iii) Will Government be pleased to say if they have received any representation on this subject and, if so, what steps they have taken in the matter?

The Honourable Mr. C. A. Innes : (i), (ii) and (iii) Government have received no representations and have no information on the subject. They assume that if the third class booking office in Sholapur City is being abolished, this is being done on grounds of economy and retrenchment. Government fear that owing to the reductions which have been made in the working expenses of the current year, many economies of this kind may have to be effected.

PARTY " WHIPS " IN ASSEMBLY.

596. ***Mr. Mohammad Faiyaz Khan :** (a) Are the Government aware that there are some of the official Members of the Legislative Assembly as chief whips of a party formed by them?

(b) If the Government are so aware will it be pleased to name these gentlemen?

(c) Was any permission granted to them?

(d) On account of their being officials and official Members of the Government, are the Government aware that there is every likelihood of undue influence by them on the non-official Members while voting?

The Honourable Sir Malcolm Hailey : The answer is in the negative.

Mr. K. Ahmed : Sir, the Honourable Mr. Allen and my Honourable friend from Bombay with spectacles on,—Mr. Haigh,—may not be Chief Whip for Government, but there are some energetic Members who in season and out of season go and whisper to elected Members that their duty is to vote in a certain way. They even drag elected Members to the lobby and you, Mr. President, have censured already some of them for so canvassing for the Government. Is it in the knowledge of the Honourable the Home Member?

The Honourable Sir Malcolm Hailey : May I ask the Honourable Member kindly to repeat his question and may I ask the House to restrain its laughter so that I may hear his question?

Mr. K. Ahmed : Sir, may I ask the Honourable the Home Member whether it is known to him that the Honourable Mr. Allen and the Honourable Mr. Haigh generally in season and out of season, when the Assembly is sitting, or in another place when the Assembly is not sitting, canvass for votes on behalf of Government?

The Honourable Sir Malcolm Hailey : Not to my knowledge, Sir.

MOSQUE AT RAISINA.

597. ***Mr. Mahmood Schamnad Sahib Bahadur :** (1) Are the Government aware that between the 2 hostels at Raisina, touching the eastern wall

of the western hostel in the south, there is a small half ruined mosque with an undignified and mournful appearance, and it is made use of by the Muslim Members of the Legislature for want of a better one in the neighbourhood?

(2) Do the Government propose to pull down this building of the said mosque and put up a better one in its place or at least effect a tolerable repair?

The Honourable Sir Malcolm Hailey: I will note the suggestion of the Honourable Member and I hope that Members of this House will also note it, that Government should pull down a mosque. We will give the matter our consideration.

DISCUSSION OF NON-OFFICIAL RESOLUTIONS AND BILLS.

Dr. H. S. Gour: Sir, may I ask the Honourable the Home Member if he is in a position to announce now whether any day will be set apart for non-official Resolutions which he promised to do in the course of this week.

Sir Deva Prasad Sarvadhikary: May I add a supplementary question, as to whether it has been quite decided what will be the last day of the sitting of the present Session?

The Honourable Sir Malcolm Hailey: I am afraid I cannot yet implement my promise of giving any further information yet whether a non-official day will be possible. We have so far planned out the business only up to Wednesday. I shall try to give the House information on the subject as soon as I possibly can. Obviously it depends on the progress of the Finance Bill. Nor am I able to say what will be the last day of the Assembly. That again depends a good deal on the progress of Government business.

Maulvi Abul Kasem: Sir, may I ask the Honourable the Home Member if they will allot an additional day for the consideration of non-official Bills. There are a large number of such Bills now pending and it is desirable that they should be finished before the Assembly dissolves.

The Honourable Sir Malcolm Hailey: We have a day on Thursday for the consideration of non-official Bills and we do not desire to place any restriction on the length of time that the non-official Members of the House, who will mainly deal with these Bills, can sit to consider them on that day. Beyond that I am afraid I cannot at present give any further promise.

NORTH BENGAL FLOODS.

Mr. K. Ahmed: Sir, may I ask with regard to the North Bengal flood, on which the Government promised that as soon as possible they will lay a statement on the table for the benefit of the country with regard to certain questions and supplementary questions I tried to put on the subject? An undertaking was given to us when the Honourable Mr. Hindley on behalf of the Government had said that it was almost ready and that he would place it on the table as early as possible. How far have Government taken steps to do the needful, Sir?

The Honourable Mr. C. A. Innes: Sir, I do not know to what statement the Honourable Member is referring. If he will let me know in the lobby sometime to-day, I will see that the statement is prepared as quickly as possible.

STATEMENT LAID ON THE TABLE.

Mr. E. Burdon: Sir, I lay on the table the information promised in reply to a question by Rai Bahadur Lachmi Prasad Sinha asked on the 9th March, 1923, regarding Select Committees on Bills and other Committees summoned during the period between the 7th October, 1922, and 6th January, 1923.

Statement showing the information promised in reply to a question by Rai Bahadur Lachmi Prasad Sinha asked on the 9th March, 1923, regarding Select Committees on Bills and other Committees summoned during the period between the 7th of October, 1922, and 6th January, 1923.

No.	Committee.	Department concerned.	Number of days on which the Committee held its meetings.	Amount spent.	REMARKS.
1	Joint Committee on the Indian Cotton Transport Bill.	I.—Joint or Select Legislative Department.	One day (27th November, 1922).	Rs. A. P. 1,843 9 0	
2	Joint Committee on the Indian Mines Bill.	Ditto.	Two days (6th and 8th January, 1923).	} 3,951 13 0	
3	Joint Committee on the Indian Boilers Bill.	Ditto.	One day (4th January, 1923).		
II.—Other Committees.					
1	Standing Finance Committee.	Finance Department.	Five days (4th to 8th December, 1922).	4,101 8 0	
2	Depreciation Fund Committee.	Railway Department.	120 days (25th October, 1922 to 28th February, 1923).	11,000 0 0	The Committee had to visit the headquarters and important workshop stations of each State owned railway in India and Burma.
3	Statistics Revision Committee.	Ditto.	123 days (9th October, 1922 to 28th February, 1923).	7,000 0 0 Approximately.	The Committee is still sitting.

UNSTARRED QUESTION AND ANSWER.

RESERVED ACCOMMODATION ON E. I. RAILWAY.

239. **Rai Bahadur G. C. Nag:** (a) Are the Government aware, (1) that the public experience difficulties in getting reserved accommodation at Howrah, on the Mail trains of the East Indian Railway, and (2) that applicants for reserved accommodation are not usually informed beforehand as to whether their applications will be complied with or not?

(b) Will Government kindly see to the removal of the above inconvenience?

Mr. C. D. M. Hindley: (a) As regards (1) the reply is in the negative. Accommodation on the mail trains is limited and if sufficient notice is not given it may happen that applicants are disappointed. As regards (2) Reserved accommodation by any particular train is not guaranteed, but if not available applicants are at once advised accordingly.

(b) In the circumstances no action is necessary on the part of Government.

THE BUDGET—THE INDIAN FINANCE BILL.

FINAL STAGE.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move:

“ That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration.”

Sir, before I proceed to make a speech of any kind on this motion, I should like to ask whether for the convenience of the House it might not be desirable that instead of having a discussion on the motion to take into consideration we should take the general discussion on clause 2 of the Bill which is the clause imposing an additional salt duty. The question, as I see it, that is before the House to-day is whether if at all we can cover our deficit; if so, whether it is to be a salt tax or some other tax or combination of taxation; and it seemed to me that it might be for the convenience of the House if instead of having first of all a general discussion on the motion to take the Bill into consideration which must necessarily range over the question of the duty on salt, we telescope the general discussion on this motion and on clause 2 into one, which I believe will make for economy of time and for more relevance. It would of course depend on your ruling whether on clause 2 we could take a general discussion and not limit ourselves simply to the question of salt.

Mr. President: The point submitted to the Chair by the Honourable Finance Member is that it might be desirable, in the interests of the efficient despatch of business to-day, that the Chair should allow discussion on matters arising under clause 2 to include alternatives which might be proposed in other clauses.

I am prepared to take the discussion in that way. At the same time, the Honourable Finance Member used the words ‘ general discussion ’ regarding which I must utter a word of warning. General discussion on the motion that the Finance Bill be taken into consideration means that the Legislative Assembly may range over the subjects for which the taxes are being provided, that is to say, general administration and other subjects. Honourable Members will remember that last year there was a long discussion upon the Army. I cannot allow a discussion of that character on matters arising out of clause 2. The discussion on clause 2 and on the amendments proposed will be confined to the taxation proposed and to possible alternatives.

Sir P. S. Sivaswamy Aiyer (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I should like to avail myself of the permission you have granted to make a few observations of a general character before we proceed to a detailed consideration of the various amendments to the Bill. Last week the Assembly endeavoured to effect various economies in the budget and it proposed retrenchments to the extent of over a crore; but those efforts have not been altogether successful. We should have been glad if the Honourable Finance Member could have bent his rigid financial orthodoxy so far as to meet the wishes of many Members on this side, including non-official European gentlemen engaged in business, that a crore and fourteen or twenty lakhs might be transferred to capital. I do not propose to waste any time upon that question for the reason that the

[Sir P. S. Sivaswamy Aiyer.]

Honourable Finance Minister has informed us that the Governor General in Council has declined to allow it. It is no use therefore for us to dwell upon that matter any further. I would simply observe that in these matters it is not possible to lay down any hard and fast rule and we should have been really thankful to the Finance Minister if he could have seen his way to advise the Government to allow the proposals of the Assembly to stand. But we must remember that the decision of the Government is sanctioned by past usage and by the view taken by the Secretary of State in the correspondence of 1906 or 1907. Now, the net result of this discussion during the last week on the budget is that we are told that there is a deficit of Rs. 168 lakhs odd. Now, I do hope that it will be possible for the Finance Member further to explore possible means of retrenchment but it is not a suggestion of much practical moment at the present stage of the discussion. Now, the question before the House is what course are we to adopt? There are two courses open to us. I believe there are a few who think that it would be a great incentive to the Government to practise economy if the deficit were left uncovered. For my part, I am not willing to believe that the Government are blind to considerations of economy. I think we shall be acting fairly if we give credit to the Government for a sincere desire for economy, more especially after they have given proof of it in the readiness with which they assented to the appointment of a strong Retrenchment Committee and after the assurances we have had that the Government would do their best to carry out the proposals of the Inchcape Committee as far as possible. I do not think, therefore, we should be justified in assuming that unless we leave the deficit uncovered, the Government will be under no inducement to practise economy. On the other hand, there are serious disadvantages in leaving this deficit uncovered. In the first place, it is bound to affect the reputation of the Assembly for a sense of financial responsibility; it is bound to affect our credit with the Parliament in England, and not merely that, it is also possible that it may affect our credit in the money markets. We did try the course of leaving a portion of the deficit uncovered during the consideration of the Finance Bill last year, but I do not think it will pay or that it will be in any way advisable, to follow that course for the second time this year. It seems to me that the only course which is open to us now is to find ways and means of covering the deficit as far as possible. I think it must be the desire of every one in the Assembly not to strain the constitution to a breaking point. I am quite alive to the necessity of expanding the constitution by the establishment of conventions, by expanding it wherever pressure on our part will have the effect of expanding our privileges, but I do not think it will be wise to knock our heads against a stone wall or to push our resistance to financial proposals to the point of breaking the constitution. What then is the remedy? I think we must agree to some method of taxation for the purpose of covering the deficit, either the whole or nearly the whole of it. It is quite possible also that, as I have said, there may be some other remedies available, though I do not know to what extent such remedies may be available. I remember, Sir, the caution that you administered to-day that we should not indulge in any discussion of the army expenditure, and I have no intention of doing so, though I might perhaps be suspected of some weakness in that direction. But if I may, for the purpose of illustrating my remarks, refer to one thing in the military expenditure, I would say this, that in former years the head of contingencies used to loom very large. This year there is a new head which makes an enormously generous provision in the army for leakage

and other losses to an extent far beyond that provided in previous budgets. I can well understand the necessity for providing for such things in the stock account, and the stock account has provided for losses to the extent of 70 odd lakhs, but I cannot understand, apart perhaps from the requirements of orthodox book-keeping, why this sum of 60 odd lakhs should appear under the head of the Standing Army, working expenses of depôts, and so on. Sir, I will not devote more than one minute to the illustration which I am going to give. It is this. There are numerous entries under this head of losses, of anticipated losses, of cash stores in transit, and stores in charge, loss by fluctuation in prices of stores, loss in issue of stores at concessional rates, and loss on sales of surplus stores. The Budget provides under these heads, so far as I have been able to trace them in the detailed estimates, for 60 odd lakhs. Now is that necessary? May not the Honourable the Finance Member usefully devote some of his attention to this large head which has now taken the place of the old head Contingencies which it was thought prudent to provide as a safeguard for unforeseen contingencies and perhaps for other purposes? Now that is only by way of illustration. An examination of such items may possibly lead to a reduction of the deficit to some extent. I quite admit that for the purposes of book-keeping it may be necessary to do it, but surely the Government does not think it necessary to replace losses of cash and make provision in the current expenditure for the replacement of losses of stores in transit, however proper it might be to enter them in the stock account. Sir, I have done with this.

Now, Sir, apart from any such reductions which you may be able to effect as the result of a more minute scrutiny of the Budget, whether civil or military, the question substantially remains, how are we to meet the deficit? Now there are various suggestions which would have been put forward by the Members of the Assembly. Of these the three most important are, a surcharge upon the Customs, a surcharge upon the income-tax and an enhancement of the salt duty, not to the full measure proposed by the Honourable the Finance Minister but to a smaller extent. Now I think I may state with a fair amount of confidence that, so far as the proposal for the enhancement of the salt duty is concerned, there is practical unanimity on the part of the non-official element in this House that the enhancement on the salt duty cannot be allowed to pass. Then, Sir, there remain two chief sources of possible addition to the revenue. One is a surcharge on the Customs and another is a surcharge on the income-tax. Now in speaking upon this question, I am aware that there may be some difference of opinion, but let me state that the opposition to any increase of income-tax also is quite genuine. Of course, it must be recognised that no form of taxation is faultless, and that there will be objection to any form of taxation, whatever it may be, but granting the inherent human unwillingness to bear any form of taxation, I would say that the proposal to add to the income-tax is likely to be viewed by a very large section of the House with disfavour. Thus apparently the only source to which we can look for an augmentation of our revenues is the surcharge on the Customs. And, speaking for myself subject to the result of the discussion which will follow, I should think that a surcharge of one anna in the rupee on the customs duties, on all duties which are classified under the head of Customs would be sufficient for all purposes. It would bring a sum of Rs. 2,80,00,000 or more. Now, I know that there may be certain objections brought forward to this proposal also. Firstly, on the ground that the surcharge of one anna in the rupee is a little too high and secondly

[Sir Sivaswamy Aiyer.]

on the ground that particular items which are included in the Customs schedule deserve either exemption or more favourable treatment. But the objection to this course is that, once you take out one item for favourable treatment or exemption, similar proposals may be put forward by people interested in other items. For instance, I know that the Honourable Member to my left will have a very serious objection to the enhancement of the duty on liquor. He would like it to be exempted. Unfortunately, he may not perhaps command the sympathies of a large section of the House, but still there can be no question as to the genuineness of my friend's objection. There may be similar objections to the exemption or favourable treatment of other items. It is not that I am opposed to the exemption of any particular item, if it were feasible. And here I would deprecate any suggestion that any of us has a monopoly of zeal for the poor man's interest or the rich man's interest. We have to consider the question entirely on its merits. Now, the practical difficulty that I foresee in suggestions to remove this item or that item is that, once you begin to let in exceptions, there may be so many persons interested in the exceptions that the exceptions will eat away a considerable portion of the addition to the revenue which we expect. That, Sir, is one of my objections to cutting out particular items. And another objection is that, even if we should be agreed upon the items which should be taken out, it might be found that we shall take away a good slice from the increment to the revenue which we may expect and we shall be driven again to the necessity of looking for a fresh source of additional revenue. The suggestion which I put forward for a surcharge of one anna in the rupee has the advantage of being free from this difficulty, and it is a clean, straightforward, simple solution. Like the Government proposal for an increase on the duty on salt, it may claim the merit of simplicity.

Now, these are to my mind the objections to the removal of particular items. I may perhaps refer to one or two other points in connection with this suggestion. Some of my friends are keen that the excise duty should be exempted from the operation of any proposal for taxation. Here again, my view is that any proposal to mix up protective considerations in the determination of what would otherwise be a clean fiscal issue is undesirable. Not that I am opposed to protection. But, instead of the discussion proceeding on purely fiscal considerations, it is liable to be confused and obscured by considerations of a different character which might more properly be urged at a different time and, having regard to the machinery now promised, before other bodies. These are the reasons why it seems to me preferable to go in for a single straight solution. It may be said that this proposal of a surcharge of one anna in the rupee is a heavy addition. Now, a surcharge of one anna in the rupee is proposed not *ad valorem* but upon the duty which would be levied. That, of course, would have the effect of raising prices not by 1/16 of their value but by a much smaller amount. Having regard to all these various considerations, it seems to me that this is a proposal which is perhaps most likely to solve this question of how to balance the budget. If, on the other hand, we adopt some other proposal for a lower standard of enhancement, we shall again be introducing the consideration of further ways and means for the purpose of balancing the budget. It may be said that, even according to this suggestion of mine, it would yield only Rs. 2,80,000, and there would still be a balance. Now one proposal which has been put forward by my Honourable friend, Dr. Gour, and by certain others, is that the amount of salt

duty which has been collected in anticipation need not be refunded, though we object to the salt duty. That proposal seems to merit consideration. That will perhaps bring in about 30 lakhs; and for the rest I think we can trust to the wits of the Finance Minister to find some means of bridging over the small gap.

Under these circumstances, I think that it would be not wise of the Assembly to leave the deficit uncovered and that, on the other hand, we must endeavour to cover it at least in very great part. What exactly will eventually commend itself to the general sense of the House I am not in a position to say. Nor am I to be understood as committing myself definitely to this suggestion, though I think there is a great deal to be said for it. And I therefore commend this suggestion to the House.

Sir Campbell Rhodes (Bengal: European): On a point of order, Sir. I should like your ruling, as to whether the interesting speech to which we have just listened and which raises many obviously controversial matters would have been in order in the discussion under section 2. If so, Sir, I would appeal to the House in the interests of the economy of time to allow the Bill to be introduced and so continue. I do not think we desire to be ruled out of order and miss our opportunity of speaking on certain points which have just been raised.

Sir Montagu Webb (Bombay: European): On another point of order. Sir, the Honourable the Finance Member has suggested that we should save time if we could proceed direct to the consideration of clause 2 of the Bill. May I say, Sir, that if we do that, I think that in the economy of time it would also be very valuable to us if we could have your ruling as to whether all these amendments which are before us are in order. It has been suggested by Members among themselves

Mr. President: I can take that when we come to the clauses. It is hardly a point of order on consideration. As regards the point put to me by Sir Campbell Rhodes, the reply to him is that the whole of the speech delivered by my Honourable friend on my left from Madras (Sir P. S. Sivaswamy Aiyer) is in order on *this* motion. The first half of the speech would not be in order on clause 2, the second half would be. That is to say, I am prepared to allow the general question of taxation raised by my Honourable friend to be discussed on clause 2. More general matters arising out of the administration of the country will not be in order on clause 2.

Sir Montagu Webb: Sir, may I explain my point? The point I had in view is this. If you, Sir, rule for example, that all these proposals for additional taxation are out of order, then our consideration of the salt tax will have to be on entirely different lines to what it would be if you rule these amendments in order. There are several proposals for additional taxation and there is some uncertainty in Members' minds as to whether these proposals are in order or not. If we know at the beginning that they are not in order

Mr. President: I told the Honourable Member that that point of order relates to the amendments which must be taken after we pass the motion for consideration. I think there is a good deal in the appeal made by the Honourable the Finance Member and Sir Campbell Rhodes that in so far as the House wishes to discuss the salt tax or alternatives to it,

[Mr. President.]

that discussion had better be reserved till we come to clause 2. Technically it is in order on the motion for consideration; but I leave it to the sense of the House whether it ought to be discussed now and repeated on clause 2.

Dr. H. S. Gour (Nagpur Division: Non-Muhammadan): Sir, I desire to make a few general observations on the Bill now submitted to the House for consideration. I do not wish, Sir, to repeat what has been repeated on the floor of this House *ad nauseam* that the heavy deficits of the Budgets of the last two years are due to military expenditure. I only wish to point out to the House that the suspicion which we then had in our mind that the military policy of the Government of India was dictated from outside has received confirmation in the telegram reporting the discussions in the House of Commons. I quote from Reuter's telegrams:

"The War Office was unable to agree with the Government of India regarding the latter's proposal for reductions in the number of units but the War Office was discussing the possible saving by cutting down establishments."

Now mark the next sentence:

"It must be remembered that the British regiments in India embrace part of the reserve and any reductions must necessarily affect their power of mobilisation. If the War Office agreed to the Government of India's making excessive decreases it would eventually mean further cost being thrown on the British Budget for making up the reserve in other ways."

We have been impressing, Sir, upon this House that the military policy of the Government of India was being dictated from outside. We are to-day presented with this spectacle of the British battalions marching on the prostrate form of the Government of India. The Army in India is an Imperial reserve for which the people of this country are made to pay. The Colonies refuse to pay for it; the British tax-payers refuse to pay for it, and therefore, the Army in England is sent out to this country to be paid for by the people of this country for external Imperial purposes. That is the situation. How far this House will keep on financing from year to year this insatiable Moloch of military expenditure can only be answered not by His Excellency the Commander-in-Chief nor by the Government of India but by the War Office and the Imperial Cabinet responsible for the defence of the British Empire. This, I submit, is a situation of abject helplessness not on the part of the Members of this House only but on the part of the distinguished occupants of the Treasury Benches. His Excellency the Commander-in-Chief, the Government of India, and the military advisers of the Government of India recommended a reduction, as we now see from the papers, but the War Office have vetoed it.

The Honourable Sir Malcolm Hailey (Home Member): No, no.

Dr. H. S. Gour: That is what the telegram says.

The Honourable Sir Malcolm Hailey: Then it is incorrect, Sir.

Dr. H. S. Gour: The Honourable the Home Member tells us that it is incorrect. Last year, he will not forget, I asked for the publication of the correspondence between the Government of India and the Secretary of State on this subject. Was that correspondence published? I ask the Honourable the Home Member to publish those "despatches"—the correspondence between the Government of India and the Secretary of State.

The Honourable Sir Malcolm Hailey: That cannot refer to the instance which the Honourable Member has just mentioned. The despatches of last year cannot throw any light on the matter which the Honourable Member has just quoted to us.

Dr. H. S. Gour: I repeat it, Sir, that this is an old controversy in which the Government of India and the Secretary of State for the last two years have been fighting for the reduction of the military troops in this country, and they have repeatedly been over-ruled by the Secretary of State. Does the Honourable the Home Member deny that statement?

The Honourable Sir Malcolm Hailey: I said, and I repeat that it was not correct, as Dr. Gour had stated, that the War Office had over-ruled the recommendations of the Government of India for effecting certain reductions in expenditure in the Indian Army Budget.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): What does it amount to?

Dr. H. S. Gour: I understand the Honourable Member as well as he understands me. We are both trained in the same school. I do not wish to pursue this question any further. I only wish to repeat what I have been repeating during the last two years that the military policy of the Government of India is being dictated by the War Office and the Government of India are as helpless in the matter as we ourselves. That is all to the credit of the Government of India, and whatever may be the result, we are obliged to His Excellency the Commander-in-Chief and the Government of India for fighting for the cause of India and fighting for economy in the military administration of this country, and we hope that with our support their just cause will triumph.

Now, Sir, we pass on to another subject. Much though we object to this military burden, helpless though we are in combating it, what should be our position regarding the Finance Bill? Are we to do, as has sometimes been suggested that we should withdraw all our assistance and leave the Government to such devices as they may resolve upon? (*A Voice:* "Who suggested that?") I am glad to hear one Honourable Member saying who suggested it. Now, my Honourable friend Sir Sivaswamy Aiyer said that that is a suggestion—I do not say it is a suggestion made by any one in particular but that is a suggestion. Well, Sir, so far as we are concerned, we and the Government of India are at one on this point that we cannot for the credit of this country allow this uncovered deficit.

Now then, the next question and a question of very great moment that arises in this connection is how to cover the deficit. We have already impressed upon the Government of India the desirability of making further retrenchments, but then we cannot count upon them. We must take the budget as it is presented to us and upon the happy contingency of the Government of India making further retrenchments in expenditure we cannot ignore the deficit that lies in front of us. We must provide against it. Additional taxation is therefore inevitable and the alternatives that we are confronted with are either the salt tax or some other tax. So far as salt tax is concerned, I voice the sentiments of the Honourable Sir Sivaswamy Aiyer that we on this side of the House are unanimously opposed to it. The only concession we are prepared to make is, that the tax already collected (*Cries of "No, no."*)—that is a concession (*A voice:*

[Dr. H. S. Gour.]

“Who is making?”—the only concession that is possible in the circumstances (*A Voice*: “Most unjust”) is that the tax collected may not be refunded to those who paid it. (*Voices*: “No.”) But that would not solve the difficulty. At the very most the Government will make something like 35 lakhs of rupees. We have still to explore other avenues of taxation and I would add to the three mentioned by Sir Sivaswamy Aiyer a fourth one, namely, an import duty on iron and steel. I suggest that there is a very good reason why we should levy an import duty on iron and steel. (*A Voice*: “And tax industries.”) The importation of iron and steel is prejudicially affecting the only pioneer industry that exists in this country and which the Fiscal Commission recommended should be supported at all costs. The European manufacturers of iron and steel are passing through a severe financial crisis and they are dumping their goods upon the soil of India at and below cost price, the effect of it being to extinguish this rising national industry in the country. An import duty on iron and steel would be in keeping with the declared policy of the Government. It will give us money and also serve incidentally to protect this struggling industry. I do not know how much it will bring us. I am told that it will bring us about Rs. 80 lakhs of rupees at 20 per cent. We have then to find about Rs. 268 lakhs. Of the three suggestions made by my Honourable friend Sir Sivaswamy Aiyer a surcharge on customs commends itself to me (*Cries of* “No, no” and “Hear, hear”), and I submit, Sir, it is the least objectionable of all taxes. I strongly deprecate a surcharge on income-tax and submit that any surcharge on income would not only be unpopular in the country but would saddle unjustly upon the people of this country a tax against which they are loudly complaining, and which as one Honourable Member says is already a heavy burden upon the tax-payer. I therefore suggest, Sir, that, the only solution that is possible in the circumstances is a surcharge on customs (*Voices*: “No, no.”) and an import duty on iron and steel. (*A Voice*: “What about silver?”) One more word and I have done. I beg to caution the Honourable the Finance Member and the Government of India that this last action of ours must not be regarded as a precedent. The Government of India have been budgeting for deficits during the last three years and I say, Sir, that this shall positively be the last year when the Government of India will come before this House and ask for further taxation to redress the financial equilibrium.

His Excellency the Commander-in-Chief: I should like at once to answer what the last speaker has said and the quotation that he has made from a Reuter's telegram which he read out to the House. The statement that has been reported as having been made in the House of Commons does not agree with the information in our possession and we are ascertaining whether this message as reported is correct. We have every reason to believe that the reduction in British troops which has been put forward by the Government of India and agreed to by me and which gives the pecuniary saving we are counting on will in the end be agreed to by His Majesty's Government. The question of the form which these reductions will take is still under consideration but His Majesty's Government have not signified that they are in any disagreement with the amount of reductions that are proposed and it is after all the amount which affects us here in the discussion on the Budget. I want to make that quite clear. There are certain reciprocal arrangements which, as the House will understand,

exist in a big organisation like an Army, which is enlisted in one country and is employed in another, and in which the Cardwell system of one unit abroad and one at Home is a basic principle. A reduction such as that which we have proposed affects the whole machinery for the production of recruits and of training of men in England itself. Therefore as the one hangs upon the other, and as a settlement cannot be reached in a moment we are still considering with the Imperial Government what actual form the reductions themselves shall take.

Mr. P. P. Ginwala (Burma: Non-European): I should like to ask one question in connection with this Reuter's telegram. Has His Excellency seen this quotation from a letter written by Field Marshal Sir William Robertson, which is reproduced in this morning's *Pioneer* on the same subject? He says in this letter:

"Hitherto we have been able, in time of need, to obtain both British and native troops from that country for employment elsewhere, as in the South African War, the Boer rising, the Great War and now in Mesopotamia, Palestine and China. The Indian garrison has therefore constituted, in practice if not in theory, a valuable Imperial Reserve paid for by India whilst employed there and by the British Exchequer only when employed in other places. But this very convenient arrangement is drawing to a close, for repeated requisitions for Indian assistance, coupled with the grant of self-government and the cry for greater economy in military matters, have led to an emphatic desire that the Army of India shall be employed only for Indian defence. Proposals for reducing it are already afoot, and in the near future the British portion of the garrison will probably be cut down."

Mr. President: I do not think that His Excellency the Commander-in-Chief is responsible for the opinions of other soldiers however eminent I understand that Sir William Robertson is no longer in the employment of the Imperial Government.

Mr. P. P. Ginwala: My point was, if the Reuter's telegram is incorrect, is there any foundation for this opinion here?

Mr. President: The Honourable Member can discuss that with Sir William Robertson.

Captain E. V. Sassoon (Bombay Millowners' Association: Indian Commerce): We have to consider in this Finance Bill the methods for obtaining funds to meet the deficit as originally put forward in the Finance Member's Budget speech and modified to the extent of the concession made by the Honourable the Commerce Member. I should like here to express my appreciation which I think will be shared by a number of members as to the extremely pleasant way in which we have been met by the Commerce Member on Railway questions. He has, I feel, tried to meet us in every way he has found possible even though he may have felt that he was sacrificing his better judgment to some extent. I feel that he has tried to associate us with this task and I personally appreciate the fact that our efforts or suggestions should have been taken so seriously and that they should to some extent have been given effect to. I think possibly the reason why the majority of this House followed him on the point of the capital expenditure on the railways was because after he had assured us that he would look into the matter and would not spend more than was necessary we felt that we could trust him to carry out our wishes. Now, Sir, this attitude forms a rather sharp contrast with that of the Finance Department under the Finance Member. It may be that I have misunderstood the intentions of the Finance Member but I must say that I found no apparent desire on his part to meet the wishes of the House

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or its suggestions in any direction. It appeared to me that the Finance Member rejoicing as he does in the education of the British Treasury considers he knows a great deal more of such matters than some of us do. I put this forward because I wish any misunderstanding to be put right. I think some of us feel, if I am allowed to say so, that the Finance Member has taken up an attitude something like this: 'You may think so, but I don't and that settles the question.' If we take the printed sheet that we have in front of us, which represents the last statement made on Saturday before we adjourned, you will notice that of the cuts that were made by this Assembly one cut has been restored by the Governor General in Council and as to the other cuts, these apparently are not restored by the Governor General in Council but there is merely a statement made that it is considered that an allowance, which amounts to the amount of these cuts less Rs. 10,000, travelling allowance of the Members, should be made by a supplementary grant. In other words, if I am not very much mistaken in my reading of this paper, this House has been informed that because the Government or the department concerned does not consider that these cuts are possible, *ipso facto* they should be restored without any statement to the House as to whether the wishes of the House are to be in any way met and without the Governor General in Council being asked to restore these cuts. As far as one of the items is concerned, No. 6, regarding the Public Services Commission, I am one of those who think that the Government would have a strong case in asking the Governor General in Council to restore it, for the reason that it is not in the province of the Government of India to decide whether this Public Services Commission should come out or not and therefore I am one of those who did not consider it fair for us to blame them and to remove funds from them for an action for which they could in no way be held responsible. But what about the other points? The Government may have thought that our cuts were severe but the Government is responsible for the administration and I think that they should either have asked the Governor General in Council to restore them or that they should have at any rate shown some desire to carry out our wishes. It may be that it is chiefly a question of phraseology. It may be that they should have told us that they would do their best but they might have to come to us again. But as it is I for one do not think that it is treating this House with consideration if we are told "We do not think this cut is justified so we do not propose to take any notice of the action of the Assembly." Sir, in my opinion the powers of the Governor General in Council are quite necessary powers considering the newness of our constitution. But I think, Sir, they should be powers that should be kept in reserve and not used lightly. I look on the powers of the Governor General in Council in the same way as I look on the sword that is carried by His Excellency the Commander-in-Chief. Should His Excellency ever be attacked, I feel certain that he would give a very good account of himself with the help of his sword. But I doubt very seriously whether His Excellency the Commander-in-Chief considers it necessary to draw his sword every time he may want to sharpen a pencil or may wish to use a tooth-pick. I suggest, Sir, that the powers of the Governor General in Council should therefore be restricted to those occasions when it could honestly be said that the business of the Government and the administration could not be carried on owing to the vote of this House. Now, Sir, let us take the particular item that has been restored. The Finance Member admitted

to us that there might be arguments in favour of this particular crore and 30 lakhs being taken as capital, but his argument was that as this had not been put to capital in the first place therefore he considered it inadvisable to transfer it now. But suppose the Government had met us in this respect, could it be said that the whole fabric of the administration of Government in India would rock? That, supposing this item had been taken from expenditure and put to capital, the Government could not go on with its work? The Honourable the Finance Member may have thought it inadvisable, he may have considered that the fact that this item which might be considered capital was originally put to expenditure might be misunderstood elsewhere and for that reason it was advisable to leave it where it was. But as this House, having considered his argument, gave its unmistakable view that it did not agree with it, I think this was a case where the Honourable the Finance Member might have used his discretion and have met us. I quite realize this was a non-votable item. I quite realize that the Honourable the Finance Member was entirely within his rights to say, "I will not consider this point, this cut that you have made in respect of a non-votable item: I will take it in its narrowest sense and therefore I will have it restored." I admit that, but I do think this was a case where the Honourable Member might have looked at the question from a broader aspect and have tried to meet us in some way. I do feel that the Honourable Member has not given signs of any desire to meet this House in any way as regards this matter. And now, Sir, we shall be asked by the Honourable Member to vote for an increase of the salt tax to meet this deficit: a deficit which some of us do not consider represents a true deficit. Some of us consider that if the accounts had been kept in another way, in a way which we consider justifiable even though it may not agree with the pre-conceived ideas of the Honourable the Finance Member, there would not be so large a deficit and this small deficit could have been met in another way than that proposed by the Honourable the Finance Member. Now, Sir, one of the charges that is made against this Assembly is that the Members of this Assembly do not represent the people of India. That is a charge that is thrown at us not only here but is thrown at us at Home. I venture to say that, as far as the proposed salt tax is concerned, we do represent the large majority of the people of India whether individuals with votes or without votes. I therefore say that if the Government on the advice of the Finance Member chooses to overrule any vote against the salt tax that may be given, they will have no excuse for stating that the vote was made in defiance of the wishes of the large majority of the people of India.

Now, Sir, there is another point on which I feel deeply. If the policy which I have seen working, the policy of the Government of India as we have seen it carried out by the Leader of the House, by the Commerce Member, and by, the other day, the Postmaster General in his explanation of his items, the policy of associating us with them, of not only asking us for our views but trying to put any views of ours into effect, if that policy is not to be gone on with, if we are to find ourselves faced with a policy which is "here are our views; we consider that only these views are right; it may be that we are not entirely correct in every detail but we propose that these views should be passed by the House *in toto* and if they are not passed by the House we shall ask the Governor General in Council to use his powers to put back every comma and every fullstop that may have been taken out." I venture to say that if that new policy, which I hope is not really the new policy, of the Government and which

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I hope is due merely to my misunderstanding of the situation, if that is to be the new policy, I for one venture to say that my own activities here do not appear to justify the sacrifices that I have to make in not looking after my own affairs. I make a present to the Honourable the Finance Member of the obvious retort that this Assembly has got on very well without me in the past and will probably be able to do so in the future. I should welcome that retort. It would enable me to go to my supporters in my constituency and suggest that as I was doing no good here I might be allowed to look after my own business. If we are merely to record our assent to the proposals of the Government, there are probably a large number of other Members who could use their intelligence and their activities better elsewhere. It might be advisable and suitable for us to send the peons from our offices to take our places with instructions to cry "aye, aye" to every demand of the Government. That would no doubt be very satisfactory to Members of the Government; it would be equally satisfactory to our peons who would draw our allowances; the only people who would not be satisfied would be the negligible 250 millions of taxpayers in the country. Sir, I have put this point of view very strongly. I have put it forward perhaps more strongly than some people may think justifiable. (*Cries of "No, no."*) If I have done so I have done it on purpose, because I consider that the moment has come when we should definitely hear whether the policy that has so far been carried out, whether the treatment that we have been receiving, is to continue or whether there is going to be a change. Therefore, Sir, I beg the Leader of the House, with all the emphasis at my command, to pause before accepting this new policy, if there is a new policy, of the Finance Member, who with the face of a cherub and the methods of a tank, is more successfully, more expeditiously and more surely wrecking the Reforms than the most enthusiastic, the most optimistic extremist in his wildest hopes could have ever imagined possible.

Mr. T. V. Seshagiri Ayyar (Madras: Nominated Non-Official): Sir, I would have preferred to speak when section 2 of the Bill is to be taken into consideration; but, Sir, the bad example set by my Honourable friend, Sir Sivaswamy Aiyer, has spread and the contagion has affected me also. Sir, I wish to offer a few remarks upon the question which he raised, namely, whether there should be an uncovered deficit, and whether we should not do something to bridge the gulf, as he said. Sir, before proceeding further, I should like to add one sentence to what the Honourable Captain Sassoon has said. He has said that as regards the salt duty, we are here representing fully the people of this country; we are not a microscopic minority in this respect as we are called, we are representing the unanimous voice of the people of this country. There is only one matter, one consideration which I would urge upon Government and it is this. They knew very well that when there was a deficit of 20 crores, and when they brought forward a proposition to increase the salt duty, this House did not listen to it. This House showed by unmistakable terms, by the language then used, by the sentiments then expressed, that an enhanced salt duty was out of the question. That was at a time when there was a deficit of 20 crores of rupees; that was at a time when this Assembly had two years still to run. Now, when the deficit is 4½ crores, when we have got to face our constituencies, the Government have taken into their head to impose the salt duty. If they do this, can they rightly turn to

us and say, "you ought to do everything in your power to help the Government and that otherwise there will be the necessity for certification"? If the certification comes, it will be brought about by their own act; they have brought it upon themselves, and we, as representatives of the people, are not responsible for it. Sir, that is a consideration which I would ask the Honourable the Finance Member to take into account; apparently he was not fully aware of the circumstances which led to the voting of the duty on the last occasion; and I believe if he had known the sentiments of the people in this matter, he would not have proposed to increase the salt duty by one hundred per cent. Sir, my Honourable friend, Sir Sivaswamy Aiyer, made one suggestion; he said, the suggestion which he made was a straight and clear one, namely, that there should be a surcharge of one anna in the rupee on the customs. With all deference to my friend, I think, he will find that this proposition will not go down the House, because what does it come to? Take for example, the duty on piece-goods. If we are going to add one anna in the rupee to the piece-goods, what would be the position? The seller would increase the price by 2 annas: and the persons whom we are so anxious to protect, namely, the poor people, would be the persons most hit by that. There can be no doubt if you increase the duty upon customs, it would affect the poor people; and there is no use (*Voices of "No, no, no."*) There is no use in saying that you want to protect them from the salt duty if you tell them at the same time that you are going to increase the duty on customs. It would be taking away with one hand what you give with the other. That is the position, and I say that any attempt to increase the customs duty by one anna would not be regarded as in any way helping the poor. Sir, there was a suggestion made by Sir Gordon Fraser on the last occasion. That holds the field, according to me. I admit that by having half an anna upon customs and also upon income-tax (*Voices: "No, no"*) a good portion of the deficit will be covered. I know some of my friends will cry "No" "No" when the question of income-tax comes but if they are really anxious to help the poor, if they are really anxious to save them from heavy taxation, they ought to consent to an increase of half an anna in the rupee in the income-tax. Sir, there is only one more matter at present to be mentioned as I shall speak on the Bill later on, and it is this,—as regards the suggestion made by my friend, Dr. Gour, that the money collected during the interim period before the Act comes into force, should not be refunded. There was a cry from my friends that would be regarded as robbery. Now I put to them a plain issue. Supposing you remit it, who will get the money? The middleman would get the money. The poor people who have purchased the salt would not get the benefit of it; and therefore, if you are going to remit it it is not the poor man that will be helped, it is the middleman who will take the money; there is nothing wrong in the Government retaining the money which they collect now. Sir, there are other matters upon which I should like to speak later on. I hope that this discussion may now come to end and that we may proceed to consider the various sections of the Bill.

Mr. T. E. Moir (Madras: Nominated Official): Sir, I am most reluctant to continue the debate on the general question in view of the desire expressed by some Members of the House for a more detailed discussion, but there are one or two points to which I should like to draw attention which it will possibly not be in order for me to refer to when we come to the discussion of clause 2. In the first place, let me say that I listened to the speech of my quondam chief, Sir Sivaswamy Aiyer, with a great deal of

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interest and attention. I should like to express my regret, after hearing that speech, that for the greater part of this Session of the House, the Madras Presidency has been deprived, by circumstances beyond his control, of his powerful advocacy in certain concerns to which I shall have to refer. Next, Sir, I wish to make one general remark as to the speech of Dr. Gour. In reading through that interest in Chapter of the Inchcape Committee's Report which relates to Railways, I found certain cryptic allusions to something called a "super-heater". Now I really do not know what a super-heater is, and if I were placed in front of an engine by the Honourable Mr. Hindley, and asked to point it out I should be quite incapable of doing so. I can only suppose that a super-heater is in the mechanical world something that has the characteristics of Dr. Gour in the oratorical world. But the point which I wish to put and which arises out of his speech is, are we still discussing the Budget and the Finance Bill as put before us? Dr. Gour put his hands into his pocket and produced a telegram which I have not seen, and which apparently in his view has entirely upset the whole course of our debate, blown our Budget and our Finance Bill to the winds, and left us nothing to discuss. I merely wish to ask the Finance Member whether we are really still discussing the Finance Bill. I take it that we are. Then, Sir, I should like to refer to some remarks of Captain Sassoon. Captain Sassoon is exceedingly angry that a suggestion which he threw out in the course of our discussion on the Budget was not accepted by the Government (*Mr. Jamnadas Dwarkadas*: "Put forward by 67 Members")—of which at any rate he was one of the supporters. Well, Sir, may I say to the Honourable Member that when the point was under discussion I did my best to follow it, but when I looked to Captain Sassoon for an explanation of the proposal which would really commend itself to me if I may say so, Captain Sassoon entirely failed to render the proposal attractive to me. It may have been the fault of the proposal, or it may have been the fault of Captain Sassoon's advocacy, but to my mind it seemed to be merely an invitation to the House to resort to another of those wretched expedients which have in part led to the present situation and which I hope we are not going to repeat in future. (*Mr. Jamnadas Dwarkadas*: "That was a suggestion from Sir William Meyer.") I am not going to follow the Honourable Captain Sassoon in his constitutional discussions. He tried to lay down the principle that resort to the extraordinary powers conferred on the Governor General in Council should only be resorted to when certain conditions had been established. Between the lines, it seemed to me that what Captain Sassoon was really laying down was that these extraordinary powers were not to be resorted to unless Captain Sassoon himself agreed to their being used.

Captain E. V. Sassoon: I would like to inform the Honourable Member that I would not dream of arrogating to myself the knowledge that everything I said must be correct, but I thank the Honourable Member for considering that I would only suggest points that would be reasonable.

Mr. T. E. Moir: Sir, I now turn to the real issue which we have to face. In this paper which was circulated to us this morning we come up against the cardinal fact that we have still a deficit amounting to 368 lakhs. and as far as I can gather from the discussion, everybody is agreed that that deficit must be covered. I am not sure whether any one in the House dissents from that view. I take it that no one does, and therefore the only question that remains is now, how that deficit is to be covered. At present the proposal made by the Government, namely, to increase the

salt tax from Rs.1-4 to Rs. 2-8-a maund holds the field (*Honourable Members*: "No.") I do not say that other proposals have not been put forward, or that these other proposals are not deserving of consideration, but I notice that not one proposal has been put forward in one quarter which did not immediately evoke a storm of protest from another quarter of the House, and therefore from the practical point of view the proposal that does hold the field is the proposal of the Government of India. (*Sir Deva Prasad Sarvadhikary*: "Which has evoked a storm in all parts of the House.") Now, Sir, we have had an expression of that general opposition to the salt tax, but it has been nothing more than general. The question has not been presented from the financial point at all. Now we all know what is at the back of the minds of Honourable Members who oppose the salt tax. They frankly admit that it is not on financial grounds that they oppose the proposal of the Government (*Mr. Jamnadas Dwarkadas*: "No, no one admits that") but it is on, shall I call it, political grounds. (*Mr J. Chaudhuri*: "Economy.") Now Sir, I think it would be well if somebody said a word on the salt tax from the financial point of view. As I have said, it at present holds the field, and at any rate the salt tax does present certain advantages. In the first place it is certain. In your financial machinery there is not a single tax that offers such an element of certainty as the salt tax. I think that will be generally admitted

Mr. President: If the Honourable Member proposes to discuss the merits of the salt tax, I think he had better reserve that until we come to clause 2. He is aware that I have allowed a general discussion to proceed in spite of the appeal made by the Finance Member and Sir Campbell Rhodes; but I must ask him not to go into much detail regarding the merits of the salt tax or its particular effect on the economic life of the country.

Mr. T. E. Moir: Sir, in accordance with your ruling, I shall, of course, reserve any remarks I may have to make from that point of view to a later stage. But, Sir, there is one point which I do wish to bring to the attention of certain Honourable Members of the House. My Honourable friend Mr. Kabeer-ud-din Ahmed I think rather objects to an official Member attempting to express his views or attempting to influence the House in any way. Now, Sir, it is perfectly true that I have got no constituency, but I can claim that I have a mandate and my mandate is derived from the Madras Presidency. The mandate which I have received from the Madras Presidency is either to secure in this Budget a reduction of our contributions or at least a Budget which will hold out to the Presidency to which I belong an immediate prospect of relief. Now, Sir, if we allow this Budget to pass with another deficit, I would ask Honourable Members who, like myself, come from that Presidency, what hope they would have of relief. And, remember, relief to us depends not on temporary expedients such as I have referred to but on the real gap between recurring expenditure and recurring revenue being filled up. Temporary expedients you cannot repeat, you exhaust them; and, therefore, so far as the Madras Presidency is concerned, what we require is a Budget which is really balanced, not one which is merely balanced on paper. Now, Sir, I have, I am afraid, more than once wearied the House on this subject, but still I have that mandate, and in loyalty to that mandate I must express my views. We may be defeated again; the result of our deliberations to-day may be that the deficit is not closed—let me repeat, the real deficit—but in that case I shall go back to the Madras Presidency and say, we have still to keep up

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the fight, success may yet attend upon our efforts; but, if that situation arises out of what I should consider the ill-judged and misguided action of the representatives of that Presidency, if they do not see that the interests of their Presidency is bound up with the financial solvency of the Government of India, I shall go back and say we are defeated and we are defeated finally. I shall not attempt in any way to minimise the fatal nature of that defeat. We, from Madras, have for the last two years by every possible means been urging upon the Government of India the necessity of balancing their Budget and of beginning the process of reducing the provincial contributions, a question in which not only was my own province concerned, though I can only speak for it. We have been urging them to do that. They have now placed before the House a balanced Budget and, if we from Madras take any share in any action which will convert that balanced Budget into an unbalanced one, then we have no longer any claim upon the Government of India at all. They have done their best and we have failed them at the last moment. I sincerely hope that no Member who represents the Madras Presidency will incur the reproach that he has misrepresented his own Presidency here and failed to take advantage of an opportunity, which it seems to me may never recur, of making assured that demand which all its representatives for the last two years have urged upon the Government of India.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadian Urban): Sir, much as I wished to desist from taking part in this general discussion, the remarks of the last speaker have called me on my feet. I do not wish to follow the example of assuming the role of a monitor either to individuals or to the Assembly, or to speak on behalf of Madras, which, Sir, is rather hydra-headed and it is very difficult for anybody to say that he represents Madras.

Sir, I do not recognise that this Assembly is responsible to make up the deficit which the Government of India think there ought to be. I quite realise that as far as possible this Assembly should try to balance the Budget, namely, the Budget it has framed and not the Budget which somebody else has framed, however responsible he may be. Sir, if the Honourable Mr. Moir thinks that Madras will welcome a balanced Budget by the imposition of a salt duty, then he is very much mistaken.

Mr. T. E. Moir: On a point of order, Sir. It is perhaps necessary that I should deal with that point. I am informed from Madras that responsible opinion in Madras regards this question of a reduction in the contributions as of such paramount importance that to secure it the Madras Presidency is prepared even to accept the burden of an additional salt tax.

(Honourable Members: "No, no.")

Rao Bahadur T. Rangachariar: I deny the authority of those Honourable gentlemen in whose name my Honourable friend speaks. I know Madras much better than Mr. Moir does. Sir, I can speak in the name of Madras. I said I would not be tempted into any such path. Sir, I may say that the people whom I know and they are a vast community would not relish any balanced Budget with the salt tax imposed. Sir, Madras officials—honoured names there have been, may I quote the name of Mr. Gibson for the recollection of Mr. Moir—Madras officials have always stood against the imposition of the salt tax. They know the value of salt to the agricultural population of that Presidency, and it is idle to pretend

that Madras will welcome an enhanced salt duty simply because they want a balanced Budget. Sir, as I take the figures, the original deficit was for 4.26 crores according to the Budget presented by the Government, and according to the Budget passed by us in this Assembly the deficit comes to 2.50 crores. Now the question is whether that deficit may not further be reduced by practising economies on the part of Government. My Honourable friend Sir Sivasamy Aiyer has already referred to various items in which economy can be practised and I am sure will be practised by the Government of India; because they are as keen on economy as we are, and that we fully recognise. I take it therefore that the duty of this Assembly will be to find two crores and no more. For that, Sir, there are suggestions and suggestions; and when these suggestions come to be considered I am sure the House will express its opinion one way or the other. Sir, I may point out that the Government of India in this time of stress and difficulty propose to abandon a source of revenue; they propose to abandon 25 lakhs of existing revenue, viz., the export duty on hides and skins. Sir, I do not see any justification for this; they have not told us a single reason why this existing source of revenue should be abandoned. If it is retained, the deficit is reduced to Rs. 1.75 crores. Then, Sir, I have a proposal to make, to impose a surcharge on customs duties on goods other than those which are consumed by the poor, such as piece-goods, matches, sugar and yarn; these four things being exempted, you can impose a surcharge on other goods, of either six pies or one anna in the rupee; if you put it at six pies, it will give you about 80 or 75 lakhs; if you put it at an anna, you will get more than a crore. These two items alone, without pressing on the poor, may meet the deficit. Therefore I do not know why the Government of India have got into this wanton conflict with the people of this country and with this House. After the emphatic vote of this House by more than double the number even after the most able advocacy of the salt tax, this House and both the European and the Indian world in India protested against the enhancement of the salt duty, and yet, Sir, the present Government are now provoking a wanton conflict with the people and with this House. I deprecate most strongly this attitude on the part of the Government of India. It is an attitude which they should not adopt in their own interests. It is all very well to say this is not much of a burden. If you rule, Sir, that I cannot speak about it now, I shall speak on it later on when my amendment comes. Therefore, Sir, I say there are other sources which will be less irksome and which will not be so unjust as the proposed source to which Government look. While I agree, therefore, that we must try to help the balancing of the budget, we look at it from the point of view of the budget which we have framed, and not that the Government of India have framed, and we propose to assist them in that way. Sir, these are the general remarks that I wish to make on the proposals.

The Honourable Sir Basil Blckett: Sir, before I proceed to adopt the attitude of that horrible animal which defends itself when attacked, I want first to correct to a certain extent the statement which was circulated this morning. This statement represents the figures that were reached Saturday afternoon. In announcing those figures I had to state in regard to the item of Rs. 3 lakhs under the head 'Miscellaneous' that the Governor General in Council had not had time to consider what action he would have to take in view of the fact that the House by a majority of one vote had declined to provide the money. I am now charged to inform the House that in the opinion of the Governor General in Council

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this provision is essential to the discharge of his responsibility. That does not in itself alter the figures on this sheet, but it alters the form. There are also two further alterations which I ought to make. The reduction under the head 'Stamps' was one lakh and not 100 lakhs—not a very important point—and in giving the figures here, the fifty lakhs cut in railway expenditure was created as a reduction in expenditure. When dealing with net figures it ought to appear as an increase of our net revenue. I will have the figures re-circulated, but it may be of convenience to the House if I give them now. The estimates of expenditure including 9 lakhs which we regard as a necessary provision for supplementary grants now amount to 133 crores 88 lakhs 81 thousand and 999 rupees. The estimates of revenue are 130 crores 19 lakhs 98 thousand rupees, making the deficit on that basis 3 crores 68 lakhs 83 thousand 999 rupees, or for rounding purposes I may say the deficit is 369, it is very much nearer 369 than 368.

Well, Sir, the House has, I fear, regarded the attitude of the Government as very rigid and unyielding, and in particular they have traced that attitude to the attitude of the Finance Member. I am sorry that impression should be created, and I have no doubt that I am personally partly responsible. I am new to parliamentary life in this country. I am not apologising for the substance of what I have done, but if I have offended in any way in my manner

Rao Bahadur T. Rangachariar: The manner was perfect.

The Honourable Sir Basil Blackett: Well, if it is the substance that is objected to, and not the manner, I plead entirely guilty to the charge.

Now, what is our position? We are all agreed that it is of the greatest importance to India that the Budget should be balanced. Nothing was really more evident during the general discussions on the budget debate than the complete unanimity that we must balance our budget, there was even more unanimity on that than there was that the House disliked the salt tax. I think we are all still agreed that the budget must be balanced. Now I say that the balance must be a real one. I have heard it said to-day that the attitude of the Government was wrecking the reforms. I ask the House what, if anything, is endangering the reforms? I say it is the continued deficits everywhere; it is the deficits, the financial difficulty that India has been up against that has made the passage of the reforms through this period of transition much more difficult than it otherwise would have been. If it had not been for these continued deficits both in the Central Government as well as in the Provincial Governments which have been threatening the reforms, it would have been much more easy for this period to have been passed through. If it had not been for these continued deficits

Dr. Naïd Lal: Created by whom?

The Honourable Sir Basil Blackett: Created, I think, very largely by the state of unrest throughout the world; I do not think it is proper to blame anybody in particular for the condition of affairs which after all is general to the whole world. In every country in the world there has been enormous difficulty since the war in arriving at balanced budgets; a balance has only been achieved where it has been achieved by heavy increases in taxation and heavy reductions in expenditure, the two going together. Now what is our object in balancing the budget? It is that we may start

a new era, and that we may try to help on for the benefit of India nation-building schemes, schemes for the development of industrial progress in India, education, and so on. And we want to improve the credit of India. Now, is our credit improved by—I don't want to use a hard word—an alteration of our accounts which leaves us in exactly the same position as before but shows an apparent surplus simply by altering the accounts, though we end up the year in exactly the same position as if we had not altered the accounts? Our unproductive debts increase by exactly the same amount as if we had a deficit. I state quite confidently that, if the choice was really between an uncovered deficit and an action which even gave the appearance that India was trying to cover up her tracks so as to make a deficit appear as a surplus, we should do far better boldly to budget for a deficit and say that this year we have not been able to balance our budget.

Captain Sassoon complained that the Government had not accepted the unmistakable view of the House that certain charges which are non-votable should be transferred from revenue to capital. Well, now, without entering into that particular question, without mentioning that it was stated and had to be stated in advance that the Government of India could not support such a recommendation and that, even if they did, it would probably not be accepted by the final authority, I join issue with the word "unmistakable." If the House will just remember what happened on that vote, they will, I think, agree that the view taken was unmistakable. Half the Members who voted for it—I do not know the numbers but quite a number of persons who voted for the Resolution stated definitely they disagreed entirely with the suggestion that this should be transferred from revenue to capital. (*Honourable Members*: "Only two.") Only two spoke, but I am quite sure that, judging by the division which took place on a later amendment—a somewhat similar question, which was supported on the same authority, half the House said that they did not believe in this attempt to cover up our tracks, but that they thought that the Government could make a further reduction in their actual expenditure and for that reason they voted for it. Now, if the Government for a moment thought that there was the slightest possibility of making that further reduction, it would have gladly agreed to do so. Here, I may say that this year, I think, we have been suffering a little from the precedents created last year. The position is not really the same as it was last year. The Government has produced estimates which I have already told the House more than once are based, in our sober opinion, on a rather more hopeful view of what the minimum expenditure will be for this year than we can quite honestly say we hold. If I were asked to put my hand on my heart and say that our expenditure will not, without any special intervention of adverse circumstances, exceed the expenditure which I have to-day given to the House, I should have honestly to say that I was very doubtful. We will do our best. I am sure the Government has given some earnest of its good intentions, and these estimates are framed on the basis of the acceptance of the Report of the Inchcape Committee in full, subject to lag.

Now, there are quite a number of items on which this House has expressed more or less clearly its view that the Inchcape Committee cuts ought not to be accepted. I do not say that at the end of the year it will be found that we have exceeded the estimate of expenditure which we have put forward, now. It will be my duty and also my endeavour throughout the year to see that that does not happen. But leaving aside

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questions of appropriation, I stand here to try and present to the House my estimate of what is the minimum expenditure that we are required to cover during the year, and I cannot honestly say—and I think the House agrees that we have done our best—I cannot honestly say that there is any probability of its being less than the figure we have put here. My Honourable friend Sir Sivaswamy Aiyer has made certain suggestions about the expenditure on the Army. I was very sorry that he was under the misapprehension that he was out of order, because I should have liked to have heard more suggestions. We are very anxious to economise everywhere and I think I can say for His Excellency the Commander-in-Chief that he is particularly anxious to have useful suggestions for economy, for that will give him money which can be spent on things which he really desires to spend on.

Dr. H. S. Gour: It must be transferred to the Civil Departments.

The Honourable Sir Basil Blackett: In view of the financial position of India he has had to cut down his expenditure to the bone and if anybody can show him cases where he is wasting money, he certainly would be extremely glad, I believe, to go halves with me. We have made a very severe cut.

Mr. K. Ahmed: Nothing of the kind. Last year you had said the same thing.

The Honourable Sir Basil Blackett: I beg your pardon.

Mr. President: If the Honourable Member desires to make an interruption, he should have the courtesy to rise to his feet and speak audibly and distinctly. The next time the Honourable Member interrupts in that fashion, I shall not be so lenient.

The Honourable Sir Basil Blackett: I regret I did not catch the Honourable Member. I believe it related to something that we have done or not done since last year. As I said in introducing the Budget, we made some considerable economies on the ordinary items of Army expenditure last year with the result that though special charges like Waziristan and demobilisation charges exceeded considerably the estimates, we actually kept within our total estimate figures in respect of the Army as a result of earnest efforts at retrenchment. Some Honourable Members were disappointed that we did not adopt the temporary expedients for transfer to capital which they put forward. The reason why we did not do so was—I have already given it in general—that it is absolutely necessary that when you have had a deficit for 5 years, your first surplus that you show should be a real surplus and it should not be subject to any possible criticism of having been obtained by unsound expedients or manipulation. You can take your accounts and transfer items from revenue to capital and capital to revenue and improve your accounts with great advantage to sound thinking in every way. But you must not do it for the purpose of turning a deficit into a surplus. I think that all these things should be looked into, though as I have said I am afraid the result would be, if we did it too closely this year, slightly to increase our deficit, but that is another matter. Let us accept the accounts as they stand and show a surplus and then you will improve your credit and get the advantage of what you are really setting out to do.

I turn now to another point. I have heard some of my Honourable friends more than once in the course of the last ten days talk about the temporary financial stringency, and these temporary difficulties we are in. I wish I could say that I believe that these are necessarily temporary. But can we honestly say so?

Rao Bahadur T. Rangachariar: What about the military?

The Honourable Sir Basil Blackett: The military expenditure has been cut down this year from Rs. 67½ crores to Rs. 62 crores.

Dr. H. S. Gour: You must bring it down to Rs. 20 crores.

The Honourable Sir Basil Blackett: The figure given by the Inchcape Committee is Rs. 57½ crores. (*A Voice:* "Without altering the policy") On the contrary, after making considerable reductions in the number of the troops, British and Indian. (*A Voice:* "You cannot change your policy.") I beg the Honourable Member's pardon. These estimates are framed on the assumption that the reductions agreed to by His Excellency the Commander-in-Chief and agreed to in principle at Home are carried out.

Rao Bahadur T. Rangachariar: May I point out that in Waziristan and on other temporary works we are spending more than 3 crores of rupees which will not be a recurring thing.

The Honourable Sir Basil Blackett: I was just coming to that point. It is perfectly true that there are non-recurrent items of expenditure in the Army estimates and I shall be disappointed—I will not put it higher than that at the moment—I shall be much disappointed if the Army estimates are as high as 62 crores next year, but there are a good many other considerations besides the fact of these non-recurrent items in Waziristan. There will be certain terminal charges—if there is no lag there will be terminal charges of rather heavy amounts I am afraid to meet in 1924-25. Over two crores of the reduction this year is purely a non-recurrent reduction, it is a reduction in stores. By living on existing stores we are able not to buy new ones so as to reduce our total reserve—a most important reduction of extreme value, but it does not enable you to look forward to recurrent reduction next year. When you have worked your reserves down to your minimum you have to go on replacing. So far from being a recurrent saving that is a non-recurrent saving which will have to be made good next year. Now, there is another item in our estimates to which to some extent the same considerations apply. The three crores of our reduction in Railway expenditure this year is a reduction of programme revenue. I do not want to go into the point, but obviously that is a postponement of expenditure—I do not want to beg the word by saying necessary—it is a postponement of expenditure which has to be made good if our Railways are to earn us interest. We cannot live on that sort of thing.

Then, as we stand, we have got a deficit of Rs. 3½ crores uncovered. Have you any real hope, real certainty that next year without any increase of taxation that could be covered? I do not say there is no hope, but is there any certainty? We have had two good monsoons and on the law of averages can we really expect two more or one more this year? People talk glibly about revival in trade. There has been an improvement in trade, but there can be no permanent, long-enduring improvement in trade while the French are in the Ruhr, while the whole of continental Europe is

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in the state in which it is, while our customers are unable to take our goods. There is no certainty of a surplus next year on the existing basis of taxation and I am afraid I must add there is a probability of a deficit unless we cover it by additional taxation this year. That is where the great merit of the Government's proposal comes in on financial grounds. The proposal would bring in $4\frac{1}{2}$ crores of additional revenue this year covering our deficit and leaving us a small surplus for contingencies. A year after it would add six crores to our revenue—an addition of $1\frac{1}{2}$ crores. That is a very important point, because with that duty imposed we shall be next year in a position in which I am prepared to say in the absence of very adverse circumstances the recurrence of a deficit is most unlikely. On the contrary there is every probability—given a few favourable turns of Fortune's wheel—that we may have quite an appreciable surplus, to do what we want to do with our surpluses. I shall come to what we want to do in a moment. But before I go on to that I want just to deal with some of the various suggestions that have been made for alternatives. As my friend from Madras said just now, the fact about all these alternatives is that they seem to secure no more unanimity than the salt tax. If the Government and a certain number of Members are opposed to the refusal of the salt tax, there is so far as I can see a complete absence of any kind of unanimity among Members of this House as to any substitute. What are the substitutes that have been suggested? I take for this purpose the order paper containing the amendments so that I may deal with some of them. I do not think that any suggestions have been made to-day which were not put forward before. I will take the duty on silver for which my friend, Sir Montagu Webb, holds a brief. This proposal has been put forward in each of the last two years and after discussion it was not agreed to. I do not mean that it has been voted against, I am not sure of the facts. I believe it was voted against one year. The difficulty about the duty on silver is that, first of all it is most undesirable to have a duty on the precious metals which come in and go out and thereby play a most important part in balancing imports and exports and exchange. A duty on precious metals is open to enormous theoretical difficulties. But I do not want to delay the House with them, if they agree, as I think they do, that it is a fact. The next difficulty is, although it is quite true we had a duty on silver some time, it did not contain any provision for a rebate on export. It is really, we are convinced, out of the question to introduce a duty on silver now without giving a rebate on export. Otherwise we shall play havoc with our exchange position. Silver must be able to go out freely to balance the position when the exchange is temporarily against us and we are in need of that support. Assuming that to be the position the yield is extremely uncertain. I begin with the year 1916-17. I do not begin with that year for any reason except that it seems to be going far enough back. In that year I see there was a net export of 12 million ounces. With a duty of let us say an anna, we should have lost 12,000,000 annas net in that year. In 1918-19 there was a small import. In 1920 there was again a small import. In 1921 it was fairly large, 21 million ounces of net imports. In 1921-22 it was 61 million. We should have got a large revenue that year. In 1922-23, for the first ten months we have 61 millions. We should have got considerable amount here. But the mere fact that we have just had two years of large imports here means it is quite possible that if you impose a duty this year, we might find that it has brought a loss and not a gain. In any case the amount that we can

count on its bringing in this next year would be very small. I do not think the House will wish me to spend more time on that. It has been put forward in one special quarter but it has not very strong support. Next I take the export duty on petrol. Here I should like to observe that it is rather striking that among the suggestions that have been put forward export duties hold the foremost place. An export duty on petrol has been suggested. It has also been suggested that we should have an export duty on jute, and the export duty on hides and skins, which was our one small concession to the overburdened tax-payer, is opposed. I am reminded of the words of some one to-day, that income-tax is also a burden on the tax-payer. I was much interested to hear that. I wonder whether that is true of any other tax. The reason why the export duties are opposed is, I think, because it is rather difficult to see who the tax-payer is and on whom the burden falls. They sound popular in theory; they are dangerous things in practice as everybody knows and I think there was a general recommendation in the Fiscal Commission's report against export duties. Now, we have already had more than one debate on the question of an export duty on petrol. Opinions have differed but the Government are convinced that it would bring in a very small amount, nothing like the 70 lakhs which has been spoken of, while it would re-act very severely on the price, possibly, of petrol and certainly of kerosine in this country. If that is so, if it touched the price of kerosine, that would very quickly have an effect on the pocket of the very poor, much heavier than the salt tax, in spite of the fact that it would bring in much less than one-tenth of the sum expected from the other into the revenue.

I will leave my Honourable colleague the Member for Commerce to deal with the proposal not to reduce the export on hides and skins. That is a speciality. But obviously it is not really a question of covering our deficit or not however we deal with that. The reason that was put forward was the fact that it is regarded as essential in the interests of an existing export trade.

The import duty on iron and steel is the next suggestion. The House has just agreed that a Tariff Board ought to be set up. A Tariff Board is about to be set up and its first duty will be to look into the question of how to turn our unscientific revenue tariff with its protective results into the beginning of a protective tariff. Is this the moment to make a sudden change in your iron and steel position? (*A Voice*: "There is no difference of opinion.") I do not think there is any unanimity in this House on that subject. (*A Voice*: "For revenue purposes.") For revenue purposes! If it was imposed on all the railway material that was bought by the Government, it might bring in a considerable sum; but I do not think it would improve our net railway revenue. It is really a very complicated question, but for revenue purposes, a duty of the size that is suggested is out of the question; it is so obviously an important protective duty, protecting or otherwise all the numerous industries that depend on iron and steel—it is obviously a thing you cannot jump into. The next and last suggestion is the one that has become associated with the name of Sir Gordon Fraser. It has rather lost some of its pristine virtue in the course of discussion in the House. It was originally a proposal for half an anna in the rupee on all receipts from customs, excise and income-tax,—1/32 surcharge on all those receipts. When it was first put forward, I stated at the time that it was a novel idea to me and it seemed to be worth consideration. Now as an expedient, it is one to which there are

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considerable objections, but if it was really part of a final settlement of the deficit, however objectionable it might be, provided it is limited to 1/32, say 3 per cent., it is worth consideration. But there is no unanimity in the House on that question; but supposing that we agreed, how should the balance of the deficit be covered? It would bring in 2 crores if it was imposed in full but I agree with my Honourable friend, Mr. Seshagiri Ayyar—I think it was he—that the objections to imposing it on cotton imports and cotton excise are very great. I have worked out the figures, and I come to the conclusion that if you impose it on the cotton imports and excise, whereas the whole of the proposal of Sir Gordon Fraser would bring in only 2 crores per annum as against the 6 crores in a full year which is obtainable from salt, it involves an additional expenditure of almost exactly the same number of annas per annum as the increase in the salt tax for a poor family. If you take a family, an average family of 4, and you impose a 3 per cent. duty on cotton piecegoods, you get something between 11 and 12 annas for a family per annum, which is the additional charge you are imposing on them by their share in this cotton and cotton excise duty, which is very much the same as salt.

Mr. Jamnadas Dwarkadas: Sir, we discovered in the course of the evidence before the Fiscal Commission that not more than 15 per cent. of the population use imported cloth, imported goods.

The Honourable Sir Basil Blackett: There are two possible answers to that. I was talking of an increase both of the excise and customs, but I will say this that I do not think that the manufacturer here gets the whole benefit of the difference between the customs and the excise duty.

Mr. Jamnadas Dwarkadas: I am very sorry to interrupt the Honourable Member. But if he relies on his own admission in the Financial Statement, he will find that a year of depression has set in, and the prices will be low, whether the price of foreign cloth is high or not.

The Honourable Sir Basil Blackett: Sir, I am not quite sure what my Honourable friend, Mr. Jamnadas Dwarkadas, is driving at, but I think my statement holds that an increase even to the small extent of this sur-charge that is suggested, if it is imposed on the cotton excise and on the cotton customs, will have at least as harmful an effect on the budget of the very poor as the salt tax. (*Mr. Jamnadas Dwarkadas:* "Cotton excise, yes.") I think that I need not argue it any further with my Honourable friend. If you begin to make exceptions, the most popular exception in this House seems to be the income-tax. You can cut out the income-tax. (*Voices:* "No, no.") I think the House wants to cut out the income-tax; they want to make an exception to the proposal by cutting out the sur-charge on all income-tax. There is sufficient absence of unanimity in the House to justify me anyhow. That leaves you only the Customs. If you begin to make exceptions in the Customs and still retain it at only half an anna in the rupee, the maximum you would get from it is something under a crore. It is true it has been suggested that it should be increased to an anna in the rupee. What was a dangerous and undesirable expedient then becomes a thoroughly bad tax. The original suggestion was half an anna in the rupee, but if you do more it means you are simply increasing your Customs duty, and if you are going to do that, I think it is desirable that you

should do it scientifically. I do not want to go arguing about the salt tax; I should be out of order if I did, and I have possibly been led a little further than I ought to have been in dealing with that point. The position remains that the salt tax is the proposal put forward by the Government and it is thoroughly unpopular. I would like, however, to quote two remarks that I heard during the votes for Demand Grants. One, the House will remember, by my friend, Mr. Ginwala, was that the salt tax has been universally condemned not on economic but on political grounds. Then we have a rather pretty commentary on that statement coming from an Honourable Member from the Punjab: "If anything will help non-co-operation it is the income-tax department," he said. Are we not in the position that all taxation is unpopular and the Government has made one unpopular proposal. A large number of equally unpopular proposals have been put forward by the House. There is no kind of unanimity as to which one of them we should accept. (*An Honourable Member*: "Accept the suggestion of the majority.") Is there a majority for any good tax that would cover our deficits? (*Dr. H. S. Gour*: "Customs.") I really do not think Honourable Members can say there is. If that is so, we come back to the salt tax, which is what the Government have proposed. Now we have proposed this because we want a really balanced budget this year, and if we can get it, real surpluses in the years to come. The salt tax does give us hope of obtaining such a result. In the absence of very adverse circumstances we surely could hope on that basis that the budget for next year and the year after would certainly balance, and given a few favourable results among the possible contingencies, we ought to have a balance sufficient to begin to do some of the things we want to do. Honourable Members in this House have referred again and again to expenditure on education and public health and similar services. Who spends money on education and health and similar services? It is the Provincial Governments. If you want to improve the position of the nation-building departments (I must say I do not like the phrase), the way to do it is to improve the Provincial budgets.

Dr. H. S. Gour: Let them stew in their own juice.

The Honourable Sir Basil Blackett: If they stew in their own juice it seems to me the 'nation-building' departments will stew in their own juice also. The Government's policy is, as soon as it has a surplus, to make a beginning in the reduction of the Provincial contributions. That is the Government's policy and it means to follow that policy as soon as it has a surplus. Obviously if it is going to have a deficit this year from the action of the House, it is not getting much encouragement in its policy. If the House is really anxious to secure an expansion of the 'nation-building' services, let it take action which will improve the position of those Provincial budgets. I do not confine myself merely to the provincial budgets. We have had years of expanding taxation. We may not, with that liability to the provinces, be able to look forward at a very early date to the converse, namely, reduction of taxation, but among those taxes there are some that certainly want readjusting. We want to have money to consider the tax side of our Budget, not from the point of view of what we must have but a little bit from the point of view of whether this or that tax is damaging this or that interest. We want to begin to make a reduction in some of our taxes, and, to do that, we want a steady surplus of income. I appeal, therefore to the House, I appeal to every Member of it and to all who are interested in Education and Public

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Health, to all who are interested in the development of the industrial life of the country, to come to the support of Government in this matter. I made an appeal, which was listened to in a way that encouraged me, at the time that I introduced the Budget, that we should all work together. As a matter of fact, we have all been working together but we have got rather fissiparous, we have all got off a little bit to our own particular nostrums of doing it. Let us stick to this, that we must balance the budget, and we can balance the budget if we are prepared to make the sacrifice of voting for increased taxation if it is really necessary to do it. I do appeal to the House, let us come together and cover this deficit by our own efforts.

Sir P. S. Sivaswamy Aiyer: May I ask the Honourable Member whether the provision for maintenance of the fighting forces makes any allowance for the proposed reduction of the fighting units?

The Honourable Sir Basil Blackett: It assumes that all the reductions that are proposed by the Retrenchment Committee and were agreed to by His Excellency the Commander-in-Chief will be put into force as soon as possible. I am not, I am afraid, sufficiently familiar with the details to answer this question beyond that, but it is on the assumption that the recommendations of the Retrenchment Committee are accepted in full that those estimates were framed.

Sir P. S. Sivaswamy Aiyer: May I know when it is expected to come into force? I find that the provision for the maintenance of the fighting forces shows that the fighting forces are calculated at exactly the same strength as last year.

The Honourable Sir Basil Blackett: I think that our difficulty was that we were not able to show any other figures than the existing ones in the estimates, but it does not mean that no changes will take place during the year. I think the position really is this that, for this year, the lag and the terminal charges owing to the necessary postponement in effecting the reductions would balance the reductions that we are able to make during the course of the year. It is a method of showing the figures, but I do assure the House—and there is nothing hidden in what we have done—that we have prepared those figures on the basis that the whole of the Inchcape Committee's recommendations are put into force at the earliest possible moment.

(Several Honourable Members moved that the question be now put.)

The motion was adopted.

Mr. President: The question is:

“That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration.”

The motion was adopted.

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

The Assembly re-assembled after Lunch at Three of the Clock. Mr. President was in the Chair.

POINT OF ORDER.

The Courtesy of Debate.

Mr. President: Before we proceed to the consideration of the clauses of the Finance Bill, there is a matter to which I wish to draw the attention of the Assembly.

When a Member has spoken, the courtesy of debate requires his presence in the Chamber during succeeding speeches. As Honourable Members will have observed this morning, a speech, of a somewhat pointed, personal and forceful character was delivered by the Honourable Member from Bombay, Captain Sassoon. The Honourable Member then left the Chamber and therefore committed, perhaps inadvertently, an act of parliamentary discourtesy. In view of the character of his own speech it was peculiarly incumbent on Captain Sassoon to remain in his place till the luncheon adjournment.

I do not wish it to appear that the censure of the Chair falls too heavily on the individual Member in question. He is entitled to the benefit of the First Offenders Act; but I wish to establish now the proper practice that the courtesy of debate requires the presence in the Chamber of a Member who has made a speech during succeeding speeches—especially if that speech is of a somewhat personal character, as in the present instance.

Mr. K. Ahmed: Is that the practice in England in the House of Commons?

Mr. President: Certainly.

Captain E. V. Sassoon: Sir, no one can regret more than I do the fact that owing to an engagement which I had to keep I was not present when the Honourable Member replied to my remarks. I can assure the House further that I, wrongly apparently, considered that the debate would have continued beyond the luncheon interval and that the reply would not be forthcoming till after that interval: otherwise, Sir, I can assure you and the House that nothing was further from my intention than to avoid being here when that reply was made.

CONSIDERATION OF CLAUSES OF BILL.

Mr. President: I think it would be convenient for the Assembly to proceed immediately to the consideration of clause 2, postponing consideration of clause 1 (Short Title, Extent and Duration) till the substantive proposals of the Bill have been considered and decided.

POINT OF ORDER.

Scope of Finance Bill.

The Honourable Sir Malcolm Halley: Sir, in the absence of my Honourable friend the Finance Member, as we are now taking up the clauses of the Finance Bill, I am compelled to ask you, if you could conveniently give us your ruling as to the admissibility of a number of amendments that have been tabled and are before the House? I refer of course to the point whether it is possible for non-official Members to put forward proposals involving increases of taxation.

Sir Campbell Rhodes: Sir, before you answer that question, I should like to ask you whether clause 67, sub-section (2), of the Government of India Act has any bearing upon this subject. It reads as follows:

"It shall not be lawful without the previous sanction of the Governor General to introduce at any meeting of either Chamber of the Indian Legislature any measure affecting the Public Debt or public revenues of India or imposing any charge on the revenues of India."

Mr. Jamnadas Dwarkadas: I wonder if again I may call to the assistance of those who have given notice of amendments the precedent established by this House in the matter of amendments of the character referred to by my Honourable friend, the Home Member. You had an instance year before last and last year; the Honourable Members from Karachi, Mr. Price in the first instance and afterwards Sir Montagu Webb, introduced an amendment to have a silver duty; that was thoroughly discussed. Whatever the fate of it was I am not concerned with at the present moment, but it was allowed to be discussed. I myself in the year 1921 moved an amendment to the effect that an import duty on yarn should be levied; that was also allowed to be discussed. Then last year, if you look at the debates, you will find that instance after instance can be found of Members having introduced amendments which were fully discussed and no point of order was raised. Therefore, Sir, I hope that the House, having been entitled to move amendments in the last two years, the practice will be continued this year, especially when the suggestion for an alternative is, I should say, inevitable.

Dr. H. S. Gour: May I also, Sir, in this connection point out that section 67 (2) to which my friend, Sir Campbell Rhodes, has referred merely deals with the introduction of any measure, an independent measure, and does not rule out an amendment to an existing measure introduced by the Government and under discussion by this House.

The Honourable Sir Malcolm Hailey: I have only asked of course for your ruling on this matter, and in the course of giving your ruling you will, no doubt, interpret for us the meaning of the words to which Dr. Gour has referred. But with reference to what Mr. Jamnadas Dwarkadas has said, I may remind him that the majority, if not all, of the motions to which he has referred just now were motions for the transfer of a particular article from one section to another of the Schedule

Mr. Jamnadas Dwarkadas: That is a technical distinction.

The Honourable Sir Malcolm Hailey: There are of course on the paper before us motions which do not refer to the transfer of articles from one section to another of the Schedule, and indeed which refer to Acts which are not before the House at all. I merely wish to point this out to you, before you give your ruling.

Mr. President: There are really two points of order before the House. The first raises the question of the scope of the Finance Bill, and the amendments which will be in order in respect of its scope. The Finance Bill recites the Acts proposed to be amended. Acts not there recited will not be open to amendment by the House.

The second point is the question whether amendments proposing increases in taxation will be in order. The point raised by Dr. Gour seems to me to be one for legal argument and interpretation as to whether a measure, in the words of the Statute, must be held to cover an amendment or not.

On that I am not prepared to pronounce, but if it were held that the word 'measure' did include amendment, then I think the Chair would have to rule that that section could not be held to apply to the ordinary process of amendment because in that case it will not only rule out motions to increase a tax, but also motions to reduce it. Therefore I put that on one side.

There being nothing in the Rules and Standing Orders relating to amendments to the Finance Bill proposing increases of taxation, we are, I think, thrown back upon the procedure of the House of Commons upon which this procedure is based. I think it is obvious that the Imperial Parliament intended to confer the same powers and the same restrictions regarding the levy and appropriation of public revenues which it itself enjoys. Neither the House of Commons nor the Legislative Assembly is empowered to increase a demand for a grant. The House of Commons is equally forbidden to increase a tax. That general principle has been laid down many times, and I think that it is one which we ought to apply here. Therefore those amendments which propose increases of taxation will not be in order.

Sir Montagu Webb (Bombay: European): May I point out that the effect of this ruling will be this: This House is asked to consider legislation to provide the money for carrying on the work of administration next year, yet some of these amendments of the Tariff Act cannot be discussed as they add to the revenue. If we have not the power of proposing alternative variations in the Tariff Act, then this House has only power to cut down proposals for revenue, and produce deficits.

Mr. President: I think I can meet the Honourable Member's point at once. I have suggested in a previous ruling this morning that the discussion on clause 2 which increases the rate of the salt duty shall proceed on the basis not merely of the salt duty itself but of alternatives to it, and if in the course of the debate it is clear that there was—I shall not say unanimity—but a general agreement that a certain alternative is preferable to the salt duty, then that alternative could not be made effective in the present measure except on the motion of a Member of the Governor-General's Executive Council. It is not that the proposals are excluded from discussion, but that they cannot be moved on a motion of a non-official Member. That is in strict accord with parliamentary practice in the House of Commons where a motion to propose an increase of tax must be made by a Minister of the Crown.

Dr. H. S. Gour: May I, Sir, in this connection inquire whether if the Government proposal is for the decrease of the tax, as for instance, under clause 2 of section 3, an amendment maintaining the *status quo ante* would be in order.

Mr. President: The existing charge is in the Indian Tariff Act as now on the Statute Book. Therefore, that item could not be held as a proposal to increase the tax.

Rao Bahadur T. Rangachariar: Sir, if I heard the Honourable the Leader of the House aright, he made a distinction between new proposals and proposals which merely tend to transfer one item from one part of the schedule to another, but the effect of the transfer will be to increase the duty. Would that be in order, Sir?

Mr. President: No; that falls under the ruling too.

Mr. Jamnadas Dwarkadas: With your permission, Sir, I will say this. Take an article which is at present classed under the 15 per cent. tax. But if any Honourable Member suggests that this article should be transferred from the ordinary list to the list of articles of luxury, will it be open for him to do that, Sir?

Mr. President: The point is somewhat hypothetical. I should like to deal with it as a specific instance, but I think the general principle of the ruling must be held to apply there also.

Rao Bahadur T. Rangachariar: For instance, there is also a proposal of mine to transfer Steel and Iron from one part of the Schedule to another part of it, but in the same schedule. But the difference will be in the percentage which will be fixed upon it, for one is, I believe, 15 per cent. and the other is 20 per cent. It is really the Government amendment, and I propose another amendment with reference to those three items which are under consideration.

The Honourable Mr. C. A. Innes (Commerce and Industries Member): I should like to point out that the amendment proposed by Government in regard to the items mentioned by Mr. Rangachariar is merely to alter the wording in accordance with the Machinery Committee's Report. We have not proposed any alteration in the rate of tax. May I point out, Sir, that from the point of view of the Commerce and Industries Department, and of the trade and commerce of the country, it seems to me to be a very dangerous precedent that a proposal to increase the duty on very important classes of imports like that is liable to be sprung upon the trade and commerce of the country at two days' notice.

Sir P. S. Sivaswamy Aiyer: Sir, in view of the decision which you have just given and which you have told us represents the practice in the House of Commons, I do not propose to argue this point. But I just wish to make one last appeal to the non-official Members of the House, and it is this; that, unless we can come to some sort of agreement among ourselves as to what alternative or substituted tax we shall have and unless we cease to ride our individual hobbies to death. Unless we can come to an agreement among ourselves, we shall not be in a position to come to terms with the Government and make some definite suggestions to the Government, so that they may initiate the necessary constructive proposals themselves. We shall then be landed in very undesirable consequences. The result of our failing to reach anything like a fairly unanimous and on the whole acceptable conclusion will be that we shall not be able to introduce any one of the alternatives or get the Government to consider it, and, on the other hand, we may succeed in throwing out the proposal for enhancement of the duty on salt but throwing it out merely for the pleasure of throwing it out without succeeding in getting it out of the Statute Book. The result will be that, if we reject the salt tax and cannot constitutionally or in any regular manner get any alternative tax introduced, His Excellency the Viceroy will be obliged to restore it. (*Honourable Members:* "Why"?) That I think will be necessary. (*Honourable Members:* "Let the Government make other proposals.") There will be a deficit and I do not think it is reasonable for us to expect that the Governor General will or can contemplate with equanimity the accrual of another deficit for another year. The natural and the probable and reasonable result of our action in throwing out the salt tax without being able to substitute something else in its place, will be to have the salt tax restored and thus bring about the very result which all

of us are anxious to avoid. (*Honourable Members*: "No.") And I therefore, make, with all the earnestness at my command, an appeal to Honourable Members of this House that, if it were possible to arrive at something like a fair agreement by getting a little more time for discussion amongst ourselves, I would suggest, that the discussion of the details might be adjourned till to-morrow.

Rao Bahadur T. Rangachariar: In any event, we are not agreeable to the salt tax. If the Government will accept anything else.

Sir P. S. Sivaswamy Aiyar: Unless we can agree upon some alternative, unless there is a chance of that alternative proposal being carried, the Government will not see its way to putting it forward on their own responsibility. That will be the result. If we are able to tell the Government that certain proposal will be acceptable to the House as a whole then we may expect the Government to put it forward. If the Government cannot put forward a constructive proposal as an alternative and if we cannot do it constitutionally, then the results which I have pictured are bound to ensue. If the other Members of the House think that there is any prospect of any agreement by adjourning the House now and meeting together and considering this matter, I would move that adjournment. Otherwise, not.

Mr. T. V. Seshagiri Ayyar: May I say a word, Sir?

Mr. President: The original question was that clause 2 stand part of the Bill, since which an amendment has been moved that the debate be now adjourned.

Mr. T. V. Seshagiri Ayyar: May I say a word now, Sir? My Honourable friend is placing us in a very awkward and a very undesirable position by making a suggestion of this kind. We do not know what is in the minds of the Government. We wanted that certain things should be done as regards the salt tax. We also made constructive proposals, but on the motion of the Leader of the House you have ruled, Sir, that those constructive proposals cannot be discussed. If the Government brings

Mr. President: I have not given any such ruling. These subjects can be discussed but they can only be carried into law on a motion by a Minister of the Crown.

Mr. T. V. Seshagiri Ayyar: I understood they can be discussed only if they are put forward by a Minister of the Crown.

Mr. President: The Honourable Member has forgotten the arrangement which we came to this morning. They can be discussed on the motion for salt tax as possible alternatives but they can only be made operative, that is, they can only be put into law on the motion by a Member of the Executive Council.

Mr. T. V. Seshagiri Ayyar: I have followed that. I am sorry if I have not expressed my meaning clearly. What I say is, no constructive addition to the taxation can be made unless it be by a motion made by a Member of the Government. That is what I understood the position to be. There is no use discussing the matter unless there is any chance of its becoming law, and therefore, it is for the Government to say and to suggest on what matters they are willing to take the sense of the House and on what matters they are prepared to see that that sense is carried into

[Mr. T. V. Seshagiri Ayyar.]

effect. There is no use of an academic discussion on a matter which cannot ultimately be given effect to. In these circumstances, Sir, the position taken up by my Honourable friend seems to be somewhat unfortunate. So far as one question is concerned, there is no difference of opinion, and that is upon the question of salt tax. After we have discussed that and come to a decision, if my Honourable friend moves for the adjournment of the House for considering on what matters the Government want the decision of the House, then it would be timely. But upon this question of salt tax, there is no difference of opinion and there is no use adjourning the House just at present.

Chaudhri Shahab-ud-Din (East Central Punjab : Muhammadan) : Sir, the Honourable Mr. Seshagiri Ayyar has been speaking for Members on this side of the House. I do not know whether he considers me on this side or on the other side.

Mr. T. V. Seshagiri Ayyar : I did not speak for you.

Chaudhri Shahab-ud-Din : Please listen. A number of Members in this House,—and I can say this without fear of contradiction—whatever may be the pretensions of those who are against the salt tax,—will vote for it, if they are assured that some other kind of tax is going to be imposed and accepted by the Government or by the House. Unless that question is decided satisfactorily, there are some who are not going to oppose the salt tax, and I may tell Mr. Seshagiri Ayyar that he is mistaken and should not count upon a number of Members on this side of the House.

Mr. T. V. Seshagiri Ayyar : We will see about it.

Chaudhri Shahab-ud-Din : If we are assured that such and such a tax is going to take the place of the salt tax, we may vote with those who are against the salt tax. But if it is meant that the salt tax must be thrown out first and then some other tax, which may not affect uniformly all tax-payers of India, shall be imposed, then not only I but a number of Members will oppose the salt tax. That is the position and apart from considering what the attitude of Government in this matter will be, that is the question to be considered. We are prepared to throw out the salt tax provided you are prepared to accept some other kind of tax and this must be settled first. We must decide upon the form and amount of the tax, and then and then alone some of us will be prepared to oppose the salt tax. Otherwise, we shall firmly vote in its favour, because we consider that the tax we impose must be a uniform tax, and affect every man equally in the land. In my opinion every one should contribute equally for the maintenance of internal peace and order and for protection from external aggression. Those people who say that the salt tax must be thrown out because it is a very hard tax, a very dreadful tax, have not given any reasons.

Mr. President : The motion before the House is that the debate be adjourned and the arguments brought forward by the Honourable Member must be addressed to that point. The real question is whether it is possible on the floor of the House now to decide whether a satisfactory alternative to salt tax can be found or not, and if it cannot be found on the floor of the House, it may not be found by an adjournment during this afternoon.

Chaudhri Shahab-ud-Din : For these reasons I strongly support the motion for adjournment moved by Sir Sivaswamy Aiyer.

Dr. H. S. Gour: Honourable Members must realise that we are on the threshold of a grave constitutional crisis. Consequently nothing that we say or do should be done in a moment of hurry. But at the same time, the Honourable Sir Sivaswamy Aiyer's motion for an adjournment would have been well-justified if we had received any encouraging nod from either the Finance Member or any other occupant of the Treasury Benches. All the possible avenues for taxation, all the possible substitutes have been threshed out outside the House, and presented on the floor of this House this morning for the consideration of Government. Sir Sivaswamy Aiyer has himself made a very constructive proposal, but unfortunately for Members on this side of the House the Honourable the Finance Member has categorically dealt with each one of those proposals and rejected them. I do not understand that the Honourable the Finance Member is in a position to reconsider his decision, and unless he is in a position to reconsider that decision, I do not think that we shall gain anything by acceding to the motion for the adjournment of the House. What possible forms of taxation remain to be discussed upon which Members may informally or formally put their heads together? The Honourable the Finance Member in the course of his budget speech and later on in the course of the budget discussion has very clearly indicated that he and other Members of the Government of India have explored every avenue as a substitute for the salt tax, and I can assure the Honourable the Finance Member and his colleagues on the Treasury Benches that we have not been remiss in our anxiety to find substitutes and the substitutes that we offered to him this morning appear to be the only substitutes possible for the salt tax. In this view, unless he is in a position to reconsider his rejection of the proposals made this morning, it seems to me futile to adjourn the House for a further consideration. The Honourable Sir Sivaswamy Aiyer has not made any constructive proposal other than the proposals made, discussed and rejected this morning, and unless we are in a position to have a fresh matter to discuss with the Members of the Government I do not think we shall be well-justified in asking the House to adjourn this sitting and go into the lobbies or elsewhere to discuss proposals of a nebulous character upon which individual Members may agree but the House may not. I, therefore, suggest that nothing will be gained and time will be lost in acceding to the motion made by the Honourable Sir Sivaswamy Aiyer.

Mr. J. P. Cotelingam (Nominated: Indian Christians): Sir, I think the proposal for adjournment made by the Honourable Sir Sivaswamy Aiyer is a constructive proposal. A number of recommendations were made this forenoon by various Members of this House in order that the taxes so recoverable may cover the imposition of the salt duty to which nearly almost all the non-official Members are opposed. I think, Sir, if the proposal of the Honourable Sir Sivaswamy Aiyer is accepted by the House, that will give all the non-official Members an opportunity to come to some unanimity in the matter of fresh taxation, which may meet with the approval of the Finance Member. I would, therefore, urge that the House agree to the motion for adjournment in order that we may have time to consult and come to some conclusion.

Mr. Pyari Lal (Meerut Division: Non-Muhammadan Rural): Sir, I feel that the situation is "one" which we must approach in a spirit of give and take. Unless that spirit is present, there is no use adjourning the House. When the Honourable Sir Sivaswamy Aiyer made his motion,

[Mr. Pyari Lal.]

I thought he had received some encouragement, some hint, from Government that they were prepared to accept any alternative proposal that was unanimously made by the non-official Members of the House; but from what Dr. Gour has expressed and suggested, it does not appear to be the case. Therefore, I think no good object will be served by adjourning the House at this time. The situation that would arise would be simply this. Supposing all of us agreed that instead of the salt tax some other tax or taxes should be levied, supposing we unanimously agreed to that proposition and we went to the Government with it, and the Government discarded it, what would be the result? All our labour would be simply lost. Therefore, unless the Government side are equally agreeable to any alternative proposal that we make, there is no use adjourning the House.

Lieut.-Colonel H. A. J. Gidney (Nominated: Anglo-Indians): Sir, most of the speakers to-day in joining this discussion have referred to "we on this side" or "we on that side" of the House, but, I will say, that we, in this corner of the House, do not approve adjourning the House for this purpose.

Mr. S. C. Shahani (Sind Jagirdars and Zamindars: Landholders): Sir, my feeling is that we are almost unanimous with regard to surcharge of Customs and Income-tax. (*Voices*: "No; we are not; absolutely not.") At any rate, the majority of this House will accept it. There should be no difficulty then in removing the proposed enhancement of the salt duty. I propose that we do adjourn to come to some understanding. There is a possibility of our differences being very amicably adjusted.

The Honourable Sir Malcolm Hailey: I am afraid that Sir Sivaswamy Aiyer's proposal took the House somewhat by surprise, and perhaps for that reason some of my friends opposite did not at first welcome it. I will tell the House what our own attitude is on the question. I recognise that Sir Sivaswamy Aiyer put it forward purely on his own account, and purely out of that desire which he has always shown to arrive at a decision more satisfactory than is likely to be attained by controversy in the House or by voting in the division rooms. When the Honourable Finance Member addressed the House this morning it was clear that of the various alternatives that had been under discussion, no one course seemed to commend itself to every section of the House. Even this afternoon in discussing merely the question of the adjournment some differences of opinion on the suggested alternatives have begun to manifest themselves. I can certainly say that we feel on our side that it would be an advantage if the House could be given an opportunity of seeing whether those who are opposed to the proposals of Government cannot consolidate on any one alternative proposal. If that were done, at all events the air would be clearer; at all events we should know whether we had then anything before us which we could accept. For that reason, and because I believe that these questions often do yield to informal discussion when they prove intractable to discussion across the floor of the House, I would support Sir Sivaswamy Aiyer's proposal; if we could discuss the matter between ourselves even for an hour we might do good. Certainly I do not think that it would be a waste of the time of the House.

Mr. President: The question is that the debate be now adjourned. The motion was adopted.

The Assembly then adjourned till Five Minutes to Five of the Clock.

The Assembly re-assembled at Five Minutes to Five of the Clock. Mr. President was in the Chair.

Sir Campbell Rhodes: Sir, I beg to move the adjournment of the House until to-morrow.

Mr. President: I cannot accept a motion for the adjournment of the House, because the power to adjourn the House lies with the Chair. I understand from the Honourable the Commerce Member that the Home Member will make a brief statement before we adjourn. I understand it is the intention to ask the Chair to adjourn the Assembly now. I therefore propose to wait till the Home Member can be in his place.

The Honourable Sir Malcolm Hailey: We are grateful to you for allowing the adjournment this morning. We have, I think, made a certain amount of progress; though we have not arrived at accord, we have managed at least to define our positions more clearly. It is our general desire, Sir, that you should allow us a further opportunity of discussion by adjourning the House till the usual hour to-morrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 20th March, 1923.
