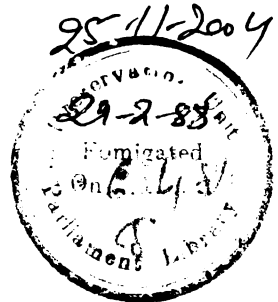


THE
COUNCIL OF STATE DEBATES

Volume V

(20th January to 26th March 1925)

FIFTH SESSION
OF THE
COUNCIL OF STATE, 1925



DELHI
GOVERNMENT OF INDIA PRESS
1925

WEDNESDAY, 4TH MARCH 1925—

Questions and Answers	429—433
Resolution <i>re</i> Restriction of the use of Opium to Medicinal purposes only—Negatived	433—450
Succession Certificate (Amendment) Bill—Introduced and referred to Joint Committee	450—461
Prisons (Amendment) Bill—Passed as amended	461
Statement of Business	462—463

THURSDAY, 5TH MARCH 1925—

General discussion on the General Budget	465—524
Bills passed by the Legislative Assembly laid on the Table	494
Message from the Legislative Assembly	494

THURSDAY, 12TH MARCH 1925—

Members Sworn	525
Question and Answer	525
Statements laid on the Table	526—529
Cantonments (House-Accommodation Amendment) Bill—Passed	529
Indian Merchant Shipping (Second Amendment) Bill—Passed	529—537
Cotton Ginning and Pressing Factories Bill—Passed	537—549
Statement of Business	549—550

MONDAY, 16TH MARCH 1925—

Member Sworn	551
Questions and Answers	551—561
Resolution <i>re</i> Recommendation of the North-West Frontier Inquiry Committee—Withdrawn by leave of the Council	561—585
Resolution <i>re</i> Utilisation of interest on Post Office Savings Bank Deposits opened by Muhammadans—Discussion postponed to the Simla Session	585—596

WEDNESDAY, 18TH MARCH 1925—

Member Sworn	597
Resolution <i>re</i> Inalienability and Impartibility of self-acquired or absolutely owned Estates—Withdrawn	597
Election of a Panel from which a Member will be nominated to the Governing Body of the Lady Hardinge Medical College, Delhi—Motion adopted	597—598
Statement of Business	598—599
Message from the Legislative Assembly	599
Finance Bill passed by the Legislative Assembly laid on the Table	599
Consideration of the Indian Finance Bill in the Council of State	599—600
Election of a Panel from which a member will be nominated to the Governing Body of the Lady Hardinge Medical College, Delhi	600

FRIDAY, 20TH MARCH 1925—

Question and Answer	601
Message from the Legislative Assembly	602
Bills passed by the Legislative Assembly laid on the Table	602
Indian Finance Bill—Passed as amended	602—654
Death of the Marquess Curzon	654
Statement of Business	654—655

COUNCIL OF STATE.

Friday, 20th March, 1925.

The Council met in the Council Chamber at Eleven of the Clock, the Honourable the President in the Chair.

QUESTION AND ANSWER.

DISABILITIES OF INDIANS OVERSEAS.

THE HONOURABLE MR. G. A. NATESAN: Sir, I have given private notice of a question to the Honourable Member in charge. Have I your permission to put it?

(The Honourable the President signified assent.)

Will the Government be pleased to state whether during his forthcoming visit to England His Excellency the Viceroy will, among other subjects, discuss the disabilities of Indians overseas with the Secretary of State for India?

THE HONOURABLE SIR MUHAMMAD HABIBULLAH: The Government of India hope that during his forthcoming visit to England His Excellency the Viceroy will find an opportunity to discuss with His Majesty's Secretary of State for India the subject referred to by the Honourable Member.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Has the attention of the Honourable Member been drawn to a fresh Bill in South Africa regarding the five miles residence clause regarding trader's licence? Has the Government of India any information on the subject, and will this be one of the matters His Excellency will take up when he goes to London?

THE HONOURABLE SIR MUHAMMAD HABIBULLAH: It is hoped that His Excellency will find an opportunity to discuss all outstanding questions.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Would this be, Sir, His Excellency's leave when he is working for India there?

THE HONOURABLE THE PRESIDENT: Order, order. That question does not arise.

THE HONOURABLE SAIYID RAZA ALI: Are the Government of India aware of the introduction of the Bill in the Transvaal Legislature about which a question was put in the House of Commons only the other day by Colonel Wedgewood?

THE HONOURABLE SIR MUHAMMAD HABIBULLAH: Yes, Sir, they are aware of it.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

THE SECRETARY OF THE COUNCIL: Sir, a Message has been received from the Legislative Assembly. The Message runs as follows:

"In accordance with rule 36 (1) of the Indian Legislative Rules, I am directed to inform you that the amendment made by the Council of State in the Bill to amend the Prisons Act, 1894, was taken into consideration by the Legislative Assembly at its meeting of the 19th March, 1925, and the Assembly has agreed to the amendment."

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

THE SECRETARY OF THE COUNCIL: Sir, in accordance with rule 25 of the Indian Legislative Rules, I lay on the table the following Bills which have been passed by the Legislative Assembly:

A Bill further to amend the Indian Tariff Act, 1894.

A Bill further to amend the Indian Stamp Act, 1899.

A Bill further to amend the Indian Income-tax Act, 1922.

A Bill to repeal certain special enactments supplementing the ordinary criminal law.

INDIAN FINANCE BILL.

THE HONOURABLE MR. A. C. MCWATTERS (Finance Secretary): 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 remit or vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to reduce the import and excise duties on motor spirit, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration."

Sir, when I presented the Budget Statement to this House some days ago I had occasion to observe that the Finance Bill this year did not contain anything sensational. The Finance Bill this year renews at existing rates such portion of our taxation as requires the annual sanction of the Legislature. It contains no proposals for new taxation. It contains no proposals for increased taxation. There is just this difference between our position this year and a year ago, that while a year ago we hoped on the existing basis of taxation to balance our Budget, this year we are in the position, if the Bill is passed in the form which we desire, to take the first step and a substantial step towards the reduction of provincial burdens.

There is this other small difference also, that the present Bill contains three small items for reduction in taxation. Last year, when the Finance Bill was recommended to this House, these proposals had unavoidably to be dropped. The three proposals are explained fully in the Statement of Objects and Reasons, and it is not necessary for me to deal with them in any great detail. The first relates to the removal of the import duty on grain and pulse. This import duty brings us in practically no revenue, the average amount obtained from this source being only Rs. 25,000. On occasions when prices are rising in this country and it is necessary to supplement home-grown supplies by imported grain, that duty is, as a matter of

practice, removed by executive action. In abolishing this duty we are carrying out one of the recommendations of the Fiscal Commission.

The second alteration proposed is the reduction from 15 per cent. to 2½ per cent. of the duty on certain component parts which are imported almost entirely for power looms. As however these articles can be used, and are occasionally used, in handlooms, it has not been possible to classify them as component parts of power machinery, and therefore they have hitherto been assessed to duty at 15 per cent. This proposal to place them in the 2½ per cent. grade will remove what is a legitimate grievance on the part of the mill industry and will cost something less than 2 lakhs a year.

The third proposal is to make a small reduction in the excise duty on petrol and to remove the extra import duty of 2½ annas per gallon on imported petrol. At present petrol pays 6 annas per gallon excise duty and imported petrol, besides paying 6 annas excise duty, pays 2½ annas per gallon import duty. The proposal in the Bill is to reduce the excise duty to 4 annas per gallon and to fix the import duty on imported petrol at 4 annas, the excise on imported petrol being removed. The object of this proposal is to make some reduction in the price of petrol in this country and so to assist the transport trade which is of the greatest importance in the development of commerce and industry in India. The motor industry suffers at present from considerable disabilities in the way of taxation. There is a very high import duty, 30 per cent. on motor cars, tyres and tubes, and 15 per cent. on motor lorries; and in addition there is this petrol excise. Therefore I think the House will agree that it is desirable to make some reduction in the burdens which this trade is at present carrying. The effect of this duty in the present year will probably be a loss of about 15 lakhs, but we hope that that loss will in future years be at least made up—in fact in the long run we may get an increase in our revenue as the imports of motor cars should be stimulated and the consumption of petrol should go up.

Apart from these three items the Bill merely renews the existing postal rates, the existing rates for income-tax and super-tax, and the provision by which we take to revenue the interest on the Paper Currency Reserve. A few days ago when I was speaking on the Bill to amend the Paper Currency Act I had an opportunity of giving the House figures to show the great strength of the metallic backing in our Paper Currency Reserve. This provision, I think the House will agree, is in the present circumstances entirely justified.

There remains only one item, that is, the question of the rate of salt duty. I have on the paper an amendment which purports to restore the existing rate of salt duty of Rs. 1¼ a maund. The effect of this amendment is to restore Rs. 90 lakhs of revenue in the next year which we should otherwise lose, and in the ensuing years 125 lakhs of recurrent revenue. When we come to the clause I shall deal with this matter in greater detail. At the present stage I content myself with moving that the Bill be taken into consideration.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Mr. President, I regret that I cannot record my vote in favour of this motion. To me the duty of the representatives of the people of this country in this matter is very plain. The Government of India to-day does not command the confidence of the people of India—I may say it has forfeited the confidence of the people and it is felt by all sections of

[Mr. V. Ramadas Pantulu.]

the people that it is not based upon the popular will. Therefore the representatives of the people cannot make themselves responsible for any taxation. May I ask, Sir, whether there is really any responsibility in fact? I am constrained to say that there is absolutely no responsibility in the Central Government. The presentation of the Budget and of the Finance Bill to this House is nothing but a sham transaction. Fifty per cent. or more of the Budget is non-votable. Of the rest the majority of the items are not voted upon on account of the speedy application of the guillotine at a specified hour on a specified day. In the rest of the items voted upon, the popular Chamber may make cuts and refuse expenditure, but they are speedily restored by the easy process of certification. Then, Sir, I ask the House, where is the responsibility of the representatives of the people in this matter? I find no trace of any elements of responsibility. Therefore I appeal to this House not to delude ourselves and not to delude the country outside this Chamber with the idea that this Government is based upon the popular will or that in considering the Finance Bill or the Budget we are either sanctioning expenditure or voting supplies. Neither in theory nor in practice do we possess any such power.

I beg to point out, Sir, that it is not only the Swarajist who holds this view. The decisive vote of the Assembly, the other day, on the Demand for the allowances of the Executive Councillors, is a clear indication of the view of the popular representatives in this matter. By a vote of 65 against 48 the Demand under the head Executive Council was negatived by the Assembly. Not only the Nehru group, but such staid politicians as Mr. Rangachariar, Mr. Jinnah and Mr. Pal and other Independents have voted against the Demand. (I do not call them a group because I find from experience that even a hundred Independents could not be an Independent Party in the true sense of the word.) Therefore both Swarajists and Independents condemned the Executive Government in no uncertain terms and they pointed out the utter irresponsiveness and irresponsibility of the Government of India to the people of this country. Sir, if the conventions of western constitutions had prevailed, the Executive Government ought to have resigned to-day after that clear motion of censure. On that motion the Indian Members of the Executive Council who are recruited from the non-official ranks ought to have resigned their seats from the very moment that vote of censure was passed, because they are here to voice the people's will and not merely to carry on the administration of the Government of India. If the convention of the western countries had been followed, I do not expect to find my Honourable friend, Sir Narasimha Sarma or my Honourable friend, Sir Habibullah here to-day. But unfortunately the incongruous and anomalous system by which the Executive Government is supported in this country makes it possible for them to sit tight in their official chairs.

It is needless for me to dwell at any length upon this question as to how far the Government of India is responsible to the people of India or is carried on in a responsible manner. I will only cite a few instances to show that it is not a responsible government in any way. I will first refer to the question of the reforms. The Assembly demanded

THE HONOURABLE THE PRESIDENT: I am afraid I cannot allow the Honourable Member on the motion now before the House to enter on a general discussion of reforms in India or of the general policy of the Government of India. The Honourable Member will be perfectly in order on the

motion for consideration of the Finance Bill in attacking the financial policy of the Government of India. Beyond that I am afraid I shall not be able to allow him to go.

THE HONOURABLE MR. V. RAMADAS PANTULU: Well, Sir, if that is your ruling, I bow to it; but I wish to point out that in the Assembly on this particular motion a general discussion of the executive policy of the Government of India was allowed; and with all respect I submit that if such a thing is permitted to be done in this House also it will conduce to clarify the issues; and on this question I respectfully beg to invite the attention of the Honourable President to the debate in the Assembly where the whole question was discussed at length with the permission of the President, and it has been the practice in former Sessions so far as I know. I must bow to your ruling, Sir; but I wanted to point to these general considerations; and if that is not permissible I will confine myself to the financial aspect of the question.

The matters which relate to the financial aspect and which show that the Government of India is not responsible to the people, relate primarily to the military expenditure. Honourable Members are aware that so far as the military expenditure and the salaries of these Imperial Services are concerned they are absolutely sacred and untouchable and we cannot discuss them, we cannot vote upon them. Then with regard to the army and the defences, which largely absorb the budget estimates, they are also untouchable; and in manipulating these figures and preparing the Budget we have absolutely no hand. This year a large sum of over a crore has been set down under the debt redemption scheme. If that were not in the Budget it would be available for various other purposes. No doubt the attempt in the Assembly to vote down that item has not succeeded, but I have to refer to it in connection with this aspect of the question, as being an unnecessary item; even on the basis of last year's "four crore scheme" of the Finance Member. It is not necessary now for the Government of India of this day to go and embark upon a scheme of debt redemption when the financial credit of the Government of India is very high. It is not necessary to go and liquidate the national debt and pay up productive capital at this date when there are many reforms which could give relief to the poor and hungry people of India. I do not know, Sir, what the idea is of the Honourable the Finance Member in asking for a very large amount for the debt redemption year after year. Does he fear that there will be another great war in the not distant future and that we shall have to clear our present debt in order to borrow for the next war? However, it seems to be an unjustifiable demand.

Sir, speaking on the Budget, the Honourable the Finance Member told us last year that he expected to effect a saving of at least 2 crores in this year's military budget, but I find it has not been done, and there is only a promise which yet remains to be fulfilled in the future. Then there are items under Railways and Stamps which were found to be untenable by the Assembly. Therefore, Sir, when the Finance Bill is brought here for our sanction, we must have an opportunity of scrutinising it from various financial points of view. It is a very unsatisfactory Budget. It is not a poor man's budget at all. The postage has been enhanced, the salt duty which was reduced by the other House is sought to be restored again to its high figure, and increases have been effected in Demands on various other items which the Assembly pointed out to be untenable. Of course, I was not prepared on this motion to deal only with the financial aspect of the question, else I would have given exact figures. I want

[Mr. V. Ramadas Pantulu.]

to cover a wider ground, but as I am not permitted to do so by the ruling just given by the Honourable the President, I cannot travel beyond the Bill. All I can say, therefore, is that because the Government of India has not introduced any element of responsibility in the matter of their finance proposals, popular representatives need not take any part in passing the Finance Bill. Let the Finance Minister do as he pleases. If the Assembly does not vote for anything, let him get those items certified, let him not come to us. I therefore propose, Sir, that this Bill should not be taken into consideration.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, if my Honourable friend Mr. Ramadas who comes from Madras had confined his observations to the Finance Bill and arrived at the conclusion to which he is perfectly entitled to arrive without dragging in the names of the Independents, I should certainly not have thought it worth while to intervene in this debate. He referred to the part played by a party called Independents in the other place, and I think it is but fair to them and to the cause of truth to state that he has no right to make capital of the attitude taken by the Independent Party on a particular issue only. He forgot very conveniently in the fashion of clever lawyers, of which my Honourable friend is one, to state exactly what they did subsequently in the very same place with perhaps very little interval upon the question as a whole. It is no doubt true that to mark their displeasure of the attitude of the Government of India in regard to certain matters, they refused to vote for certain allowances. (*A Voice*: "Travelling allowances.") That again, in my opinion, was more or less mocking at the question and making the whole discussion a farce. Even if they had attempted to cut down the salaries of the Executive Council Members, which they have no right to do under the constitution, one could understand their action, but without doing that, they tried to mark their displeasure of the attitude of the Government of India by an attempt to cut down their travelling allowances. That itself clearly shows that it was an attempt, as is provided by the constitution, at moving a cut to express the general opinion of the Assembly in regard to the item of the Government of India, but this Independent Party, to which my Honourable friend belongs, voted solidly for the passing of the Finance Bill, and I am surprised that my Honourable friend thought fit to drag them in here. I happened to be present, Sir, in the gallery the other day, and I know exactly what they did. These Independents do not belong to the party which believes that it is their duty to have a policy of continuous obstruction in season and out of season. My Honourable friend ought to know that the votaries of that party, some of whom I find are here, found their tactics very inconvenient. They have on more than one occasion co-operated with the Government in the cool heights of Simla, and things are done in a manner which shows that they are not believers in a policy of continuous obstruction. Why? If my Honourable friend had watched carefully, as I have done, the proceedings in the other House, he would have seen that they, the Swarajists, took part in many a discussion, got into the Government lobby when it served their purpose and yet proclaim they are consistently opposing Government and pursuing a policy of continuous obstruction. On many matters they posed themselves as the representatives of the people, took active part in the debates, and then after doing all this sort of things, stage by stage, ultimately said that they would take no part in the passing of the Finance Bill. That is not the policy which

we are accustomed to here, and I think my friend must adopt a more reasonable policy.

I am grieved to find, Sir, his suggestion that the Government of India should have resigned, and particularly his reference to individual Members by name. If my friend and the friends of the party of which I believe he is a representative representing this policy of continuous obstruction really believe that the Government of India ought to resign, I think in the first place they themselves must adopt a policy which stands to reason, at least a policy of consistency. But granting for a moment that his policy or the policy of his party is good, may I ask him what is the logic, what is the propriety of their expecting people to resign, and particularly making reference to Indian Members? I can understand, I can appreciate, perhaps I myself may say that the whole system of government is such that it is a matter to me of absolutely no consequence as to who occupies that bench, and even if it is to be occupied entirely by Indians, I would say that if the present system is to continue, a system by which the Executive is not responsible to the Legislature, I can understand it, but so long as that system continues, so long as you have a system in which the Legislature by its vote cannot compel them by an Act under the constitution to resign, I think it is hardly fair, it is hardly proper, it is hardly decent to single out people by names, whether they are Europeans or Indians, for attack. Now, what happens? There are twenty others who are ready with their applications if one Member resigns

THE HONOURABLE MR. R. P. KARANDIKAR: On a point of order, Sir? Is it right to introduce into this discussion matters relating to party disputes?

THE HONOURABLE MR. G. A. NATESAN: Nobody likes the unedifying spectacle of a quarrel between one party and another, and whatever else this House may have been guilty of, it has never been guilty of discussions or arguments or suggestions of a character which undoubtedly bring about these disputes, and I am sure such a thing will not be repeated here, and I should almost be ashamed to take part in it. But as a reference has been made to the conduct of the Indian Members of the Government, particularly by name, I personally think it my duty, as an Indian, to take exception to it and to dispute the arguments advanced in its favour.

THE HONOURABLE MR. V. RAMADAS PANTULU: I made no attack on anybody. I never attacked the Honourable Sir Narasimha Sarma individually.

THE HONOURABLE MR. G. A. NATESAN: It is clear that after this discussion my Honourable friend sees exactly the implication, but he mentioned two names and both of them names of Indians. I should have been the last to take the attitude I have, but if my friend thinks it was not his intention to drag in particular names, and that he was led into it by mistake, I will certainly drop the matter. Therefore, Sir, so far as I am concerned, and the party of Independents to which I belong is concerned, our policy is to fight for reforms, to fight for a scheme in which the Legislature will have complete control over the Executive, and in achieving that policy, we wish to pursue the only methods which we think are thoroughly constitutional. We do not believe in this policy of obstruction because we believe it is calculated more to hurt the cause than advance the cause we have in view.

[Mr. G. A. Natesan.]

I have nothing more to add and I felt that if I was silent without adequately answering my friend, I would not be discharging the duty which I owe to myself.

THE HONOURABLE SIR NARASIMHA SARMA (Law Member): Sir, when I entered the House to-day I was doubtful as to whether in my capacity as Leader of the House or as Law Member I would in any way be called upon to participate in a debate on the Finance Bill. The attitude of the Members of this House during the last four and a half years has been consistently in one direction and I did not think that there would be a departure from that convention, from that custom, from that healthy practice, which would necessitate the defence of the policy of the Government on the floor of this House from a general or the wider aspect of public policy. I think I should be grateful to my friend Mr. Ramadas who is the spokesman of the Swaraj Party in this House (*The Honourable Saiyid Raza Ali*: "Is he?") for having raised this question of want of confidence on the part of the people of this country, of want of confidence in the country as a whole as a ground for the rejection of the Finance Bill. So many untruths, so many half truths, so many misrepresentations have been made generally I believe as the result of misunderstanding either in another place or outside the Chambers of the Legislature, that I feel that the Government of India, in the interests of the general well-being of the people of this country, ought not to allow a challenge of that description to go unanswered. My learned friend has repeated here a statement made elsewhere that the Government of India have forfeited the confidence of the people of this country, that the Legislature in another place had expressed that view unhesitatingly by a vote of theirs in cutting down the travelling expenses of the Members of the Executive Council, and that we, as Indian Members at any rate, ought to help in building up the constitution by resigning our places to show that we agreed with or submitted to the will of the Indian Legislative Assembly as expressed by that vote. I do not speak in anger, I speak more in sorrow, that this attitude should be taken persistently continuously, both here and elsewhere, by any people, inasmuch as it can lead by a repetition of these statements only to disaster. Well, Sir, what was the condition of India when His Majesty's Government as represented here were in charge of the administration in 1820 or 1821? I, I think to a certain extent, am more responsible perhaps than any other Member of His Excellency's Executive Council to explain as the Senior Member the policy of the Government and ask not merely for an expression of satisfaction but for a vote of confidence on the part of this House, because I hope a recital of the achievements of the Government during the past five years will convince all dispassionate observers that they are entitled at least to some recognition, to some sympathy and to an expression of satisfaction, if not gratitude. In 1920 . . .

THE HONOURABLE MR. V. RAMADAS PANTULU: On a point of order, Sir. When I tried to show how the Government had forfeited the confidence of the people, the Honourable the President ruled that I was out of order. But the Honourable the Leader of the House is now embarking on a similar topic with the object of making out that the Government had achieved enough to win the confidence of the people. Is it permissible for him to do it?

THE HONOURABLE THE PRESIDENT: I was waiting to see whether the Honourable the Leader of the House said anything to defend specific actions of the Government of India in detail, and I should have felt obliged in that case to ask him to confine himself to the general aspect. As the Honourable Member has pointed out, I did not allow him to make specific attacks on the policy of the Government of India except in so far as he might deal with aspects of the financial policy of the Government of India. I would ask the Honourable the Leader of the House to follow the same line that I induced the Honourable Mr. Ramadas to follow.

THE HONOURABLE SIR NARASIMHA SARMA: Sir, I never intended for a moment to deviate in the slightest degree from following your ruling. I do not propose to enter into the details of any act of administration of the Indian Government, to defend their policy or expound their methods in dealing with any particular situation. I hope to be able to show that they inherited a very difficult situation financially, mainly, that they had been able to overcome that and that they are able to present the people of India at the present moment with a situation in which general peace and contentment prevail and the financial position is satisfactory.

Sir, when men's minds were unhinged as a result of the war, the great war, as a result of the war with Afghanistan, as the result of troubles in Waziristan, of unhappy occurrences in the Punjab and elsewhere, as the result of famine which reached the point of acute distress, as the result of failure of crops during 1918-19, as the result of the influenza epidemic which carried away six million souls, what was the situation? The finances of the country were in an abnormal condition. We had to face large deficits and an unbalanced budget. We had to meet short-term Treasury Bills of very large amounts. We had a military expenditure facing us of about Rs. 82 crores. We had also to introduce changes as a result of the reforms. People in this country were persistently agitating in a particular direction and many of them did not help us. They added to the unrest which necessitated the further incurring of expenditure, which might very well have been saved, and the financial position therefore became more acute than perhaps might have been otherwise necessary. The Government with the loyal assistance, with the cordial co-operation of both Houses of the Legislature, embarked upon a policy of retrenchment, of reform where reform was possible, and of an economic policy which was likely to have very beneficent effects upon the financial position of the country. What was the effect of those measures? From Rs. 82 crores we have been able to reduce the Budget demand under military to 56 crores. I am not for one moment suggesting that the Government of India should rest satisfied with the figure at which the military expenditure stands. They are exploring, they will explore, and they must continue to explore every avenue by which they can reduce that item, because there is no denying the fact that unless money can be found for the development departments, the position of the country would not be as good as it might otherwise be. We have as a result of our policy been able to maintain cordial relations with our frontier neighbours. The Government of India may take legitimate pride in that they have brought British India and the Indian States together by devising the constitution of the Chamber of Princes, by making changes which brought the Indian States under the direct control of the Government of India and by making possible the constitution of a federal machinery in the fulness of time and when the opportunity arises for doing so. They had in the 1920-21 accounts a net

[Sir Narasimha Sarma.]

deficit of 26 crores. There continued to be a deficit for two or three years more. Luckily, thanks to the efforts of Sir Basil Blackett and his predecessors, the Government have been able to present the House with a surplus Budget, and with a relief to the provinces, if the two Houses would only help us, on an adequate scale by remission of provincial contributions. Nor have the Government been idle in the matter of expenditure in the economic sphere which has a direct bearing upon the finances of the country. They have embarked upon irrigation expenditure of more than Rs. 50 crores during the last few years under review which would bring about 20 million acres under certain, continuous, fruitful production of crops. They have been successful in separating the Railway finances from general finances, as a result of which they hope without embarrassing the finances to construct 2,000 miles of railway and improve the existing system at an enormous expenditure of 150 crores and more, thereby improving the development of the coalfields, improving the circulation of produce within the country and enriching the country in more directions than one. They have helped the cotton industry by research and by placing research institutions upon a solid foundation, and they hope to be able to do so in regard to sugar. Research work had to be starved a little, but thanks to improved resources, they have started on a career where they hope to achieve continuous progress in that direction. It has been a charge levelled against the Government that they had not done anything, that they had not attempted to do anything, to ameliorate the condition of the people by evolving measures in the economic field which would have a direct bearing on the finances, and that is the reason why I had to deal with this aspect of the question. They have enunciated a policy for which the country had been clamouring for more than fifty years, a policy for which they may justly claim credit, of discriminating protection to the industries, so that we may develop industries in a scientific manner, in a correct and proper manner, so that there may be a real division of the people into agriculturists and industrialists thereby enriching the resources of the country. I shall not deal with the question of labour legislation. These are enough to show that in changes connected with the finances they had not neglected the interests of the people. Sir Basil has succeeded in confining his borrowings to India.

Coming directly to the financial field, we in the Congress deprecated the accumulation of outside debt except in productive matters and the policy which the Government of India have been attempting to pursue is exactly in the direction in which the people of this country have been asking us to advance. We do not intend to raise loans outside India unless it be absolutely necessary to do so, and that for productive purposes. Well, Sir, we have Indianised the services to some extent, have enunciated a policy which would lead to a large Indianisation 'ere long. These are achievements of which any Government can be proud, and a Government faced with the troubles with which they were faced in the years 1920 and 1921 and later, would claim some consideration at the hands of the people of this country. I cannot for the life of me understand the repetition of this cry that the Government have forfeited the confidence of the people of this country. Peace and contentment and order we have evolved. It may be we have made mistakes. No Government can say that it has not made mistakes. No Government can say that it will not make mistakes. But mark, my friends, we have been told that we carried tolerance

to possibly extreme limits. We undertook a policy whereby those that differed from us may learn by bitter experience that their policy is not calculated to achieve the ends which they and we alike are striving for. We wanted unhealthy activities to sink by their own weight, and I cannot say that we have not succeeded in convincing, at least a section of the people, that the policy which had been pursued in the past might very well have been abandoned with greater usefulness, especially in so far as it affects the finances of the country. For I cannot, speaking as an Indian Member of the Executive Council, but draw attention to one prominent fact and that is this. More than once we had opportunities or rather we might have had a possibility of reducing expenditure on more than one subject if only we had felt confident or if we could make other people feel confident that there is no trouble brewing within the borders of India. But unfortunately we were unable to succeed in that policy which might have led to reduced expenditure at a much earlier date, which would have led to reduced expenditure if only the people had co-operated with Government and inspired confidence in the Government that they would co-operate with Government and stand by them and not add to their troubles. The military expenditure, my Honourable friend has said, stands at a high figure. It does stand at a comparatively high figure, but the true way of assisting Government in reducing this expenditure is by inspiring confidence in Government, by showing not merely that the heart of the people is sound because we are convinced that the heart of the people is sound, but that forces would not be raised in order to take advantage of the general ignorance of the masses which the Government would be compelled to meet as any Government, whether Indian or European, democratic, autocratic or aristocratic, would have to do.

Sir, I shall not deal with the question of the reforms because it has been ruled that we should not go into the details of that question. All of us have entered these Houses, have been working, under an existing constitution. We, the Indian Members, have accepted office under a particular constitution. It may be, it will be perfectly legitimate for you who have entered the Houses of Legislature and for us who have entered the Executive Council to do all that lies in our power to advance the cause of reforms to the extent to which it would be prudent and just. But there is little use in using that as an argument for saying, "Turn down the Finance Bill". That is my quarrel with the opposition, with the obstruction as suggested by my Honourable friend, Mr. Ramadas. He and I have come here under a certain constitution and we have to work that constitution. If there is anything which I have done in the Government of India of which I should feel ashamed, if there is anything in the secret chambers of the Government of India by way of advice which I have given of which I ought to be ashamed, if I feel that in the discharge of the duties of my particular office I am not receiving that co-operation from other Members of the Council as I should have been receiving, I should have felt in honour bound to resign my place in the Executive Council. I was asked both here and elsewhere to resign to build up a convention to show our dissatisfaction. That is asking me to non-co-operate with the other Members of the Executive Government, not because they did not support me loyally in my policy, when I was in charge of another portfolio, but because the world has not yet arrived at a stage when racial warfare and economic warfare can be effaced from human affairs. Sir, if my Honourable friend had shown me that on any particular account the action of the Government of India had been detrimental to the

[Sir Narasimha Sarma.]

interests of the people of this country, certainly it would be my duty without being asked to do so to resign my place. But what was this Resolution passed in another place to which my Honourable friend has alluded, to mark the displeasure of that House with the Executive Council? They wished to show their resentment that a certain report which we had not even discussed, which we had not even considered was unsatisfactory. It may be satisfactory, it may be unsatisfactory, but the Government of India have not considered it, and for a thing to which they have not yet given consideration that House said if my friend's interpretation is to be taken, "The Government of India should stand condemned". I cannot for the life of me see the logic or the wisdom of that procedure. If we had as a Government come to any decision which in my judgment was detrimental to the interests of the people of this country, then and then alone would be the time for me to resign. But to resign before we have even considered as a Government the question of reforms seems to me to ask me to do what would be ridiculous on the part of any reasonable man to do, and that would be, if I understand that vote aright, the *prima facie* meaning of that vote; but I believe all that was intended was to express their displeasure with the majority recommendations. It is true that there was resentment that the question had not been allowed to be discussed. I refuse to discuss that because it is so trivial a point on which a vote of censure could be justified. If the Members of Government were to take their positions of responsibility so lightly as to feel compelled to resign on motions of that description, the position of the Government of India would be parlous indeed. But I for one would refuse to think that any responsible member, whether European or Indian, would give any weight to a vote of that description except as an indication of the feeling of dissatisfaction with the majority report. If it had been on a specific point on which I felt I was doing wrong, I would have submitted to the House and I will submit to the House whether it was right or wrong. I think my Honourable friend, Mr. Ramadas was wrong in alluding to the Indian Members of Council and saying that they are doing wrong in not helping him to build up a convention.

I think I shall not be justified in taking up the time of the House any further. I have shown what the position of India was in 1920-21, how financially embarrassing it was, how there was dissatisfaction everywhere, how the seeds of unrest were sown by previous events for which this Government were not responsible, how they had to meet with unrest outside the frontiers of India and inside and how they faced the situation—I am not claiming credit for it because the Government were simply doing their duty. Good luck helped them. We have had four successive good harvests. Heaven alone knows what our position would have been if we had been confronted in addition to these troubles with bad harvests. But God aided us and with the assistance of Providence, with the assistance of the loyal co-operation of the two Houses, and especially of this House, Government have been able to achieve a position in every field, economic, financial and otherwise, of which they need not be ashamed. They can confidently ask for the confidence of the people of this country. I do not use the word "gratitude" because it is ridiculous asking anybody to be grateful for what the Government had done as a matter of their simple duty. If they had failed in achieving further distinction possibly it was due to the machinery, to the environment and to a number of other circumstances. It is said they were weak in some respects. They

might have been weak. They may have made mistakes, but, Sir, I think I am right in asking that this House should not condemn them in the manner in which my Honourable friend Mr. Ramadas has asked this House to condemn them.

THE HONOURABLE MR. LALUBHAI SAMALDAS (Bombay: Non-Muhammadan): I shall try to confine myself to the financial aspects of the subject, but before taking up that subject I want to say one word as regards the remarks that fell from my Honourable friend Mr. Ramadas, regarding the attitude that he thought ought to have been adopted by the Government of India as a whole, and specially by the Indian Members of Council when the vote of censure was passed. It has been called a vote of censure but I do not know whether it is a vote of censure.

THE HONOURABLE MR. RAMADAS PANTULU: It was cutting down the travelling allowances.

THE HONOURABLE MR. LALUBHAI SAMALDAS: We know that the Government of India as constituted at present are not responsible either to the Assembly or to the Council of State. If my Honourable friends Sir Narasimha Sarma and Sir Muhammad Habibullah felt that that vote as passed in any way condemned their own action or that the Government of India was carrying out a policy which they could not approve of they would not have stuck to their posts or have been here. We have the full confidence—and I am speaking not only on my behalf but also on behalf of all non-official Members here, both Indians and Englishmen when I say—that both these gentlemen, and with them I also associate the English Members of the Executive Council, would not have stuck to their posts if they saw anything being done against their conscience and would have resigned. They are gentlemen first and gentlemen last. I am really sorry that a remark like that had ever been made in this House against the Indian Members of the Executive Council.

THE HONOURABLE MR. V. RAMADAS PANTULU: On a point of personal explanation, Sir. What I said was that even if non-official Indian Members believed that they were acting properly a vote of censure or no confidence by the popular Chamber would, according to convention in western countries, have necessitated their resignation and our Indian Members should not take advantage of the defect in the Indian constitution but should resign.

THE HONOURABLE THE PRESIDENT: The Honourable Member has already explained it.

THE HONOURABLE MR. LALUBHAI SAMALDAS: The Finance Bill now is before us and as the Honourable the Finance Secretary told us it comes to us for sanction, to get our approval to certain measures by which the Government of India can raise sufficient money to carry on the administration. We had an opportunity of discussing the general policy, the financial policy, as well as the policy of other departments during the time of the budget debate. At that time I referred to the exchange policy of the Government and when I said that there appeared to be an inconsistency between the two remarks made by the Honourable the Finance Member in his speech in paragraph 41 and paragraph 14 about the imports of piece-goods, he interjected a remark. He said that imports were specially low the year before. I am sorry I was not able to catch the exact phraseology at that time. I saw the official report and then I referred to the statistical abstract of the Department of Commercial

[Mr. Lalubhai Samaldas.]

Intelligence to look up the imports of piece-goods for the years 1922-23, 1923-24 and 1924-25. I may say that these figures are for ten months because the statement is up to January 1925. There I find that while the Honourable the Finance Member's statement is quite correct as regards the import of grey and unbleached textiles, it is not correct as regards white bleached textiles and coloured printed and dyed textiles. In the year 1923-24 grey textiles had fallen from 7·88 to 5·81, while the bleached had not fallen. On the contrary it was 9 millions more and coloured and printed dyed textiles were about 1 million more. That means that the imports in 1924-25 of these two qualities were not low as the Honourable the Finance Member's interjection at the time of my speech would lead one to believe. In 1924-25 imports had jumped up. The white bleached had risen only 9 millions in 1923-24 from 1922-23, while in 1924-25 it went up by one hundred millions and coloured and printed dyes went up by 35. That shows that the statement made by the Finance Member . . .

THE HONOURABLE SIR BASIL BLACKETT: What about the greys?

THE HONOURABLE MR. LALUBHAI SAMALDAS: I am examining the figures of all kinds of textiles. If the Finance Member's remark does not apply to the import of white bleached or coloured dye, then the exchange policy of the Finance Member is not correct to that extent. My contention is that what the Honourable the Finance Member has said in paragraph 41 does not appear to be borne out by the facts as examined from the statistical abstract. This is the first point that requires very careful consideration because it has been said that by increasing the rupee value of sterling and making the price of the sterling Rs. 13½ instead of Rs. 15, you are giving a bounty to imported goods and handicapping indigenous industries. That is a charge that was also made by two distinguished members of the Fowler Committee and these members added that "in the case of India with large foreign obligations which can only be met by surplus exports of produce it would be a fatal course to pursue." That is the policy which the Honourable the Finance Member is pursuing. I know he can say that by following that policy he has been enabled to save in the home charges. I believe the total saving on the home charges both from the General Budget and the Railway Budget come up to 3 crores and a half or a little more. That is a saving but at whose expense? It is at the expense of the producer. The Honourable the Finance Member was good enough to give us in his budget speech certain figures showing the rise in the sterling price of the chief commodities of exports. I tried to take up some of the most important of them such as rice, wheat, linseed, jute, tea and coffee. I thought that the examination of exports of these would quite suffice. The Finance Member says:

"The lesson of these figures is that the rise of approximately 12½ per cent. in exchange which has been taking place during the period in question has been reflected not in a reduction of the rupee prices obtained by the exporter but in an increase of the sterling prices paid by the importer who has been forced by India to pay the increased price represented by the increase in the sterling value of the rupee. . . ."

I take it, Sir, that what he meant was that although the price of sterling had dropped from Rs. 15 to 13½, that is to say by 12½ per cent., that was in a way compensated for in the rise in the sterling prices of the exported articles. Sir, I looked at the rupee prices of these exported articles and I found that the rupee price of exports remains practically the same. For rice it was 160 in 1923-24 and 166 in 1924-25, although the rise in the sterling value is 33½ per cent.; as regards wheat the figures

are 143 and 150 and the rise in sterling is 59 per cent, as regards linseed the figures are 261 and 260, while the sterling price was raised by 35 per cent. Jute is the only case where prices have gone up as between 1923-24 and 1924-25, the figures of which are 300 and 413 for raw jute, while for manufactured jute they are 489 and 589; the rise in sterling value however is as much as 90 per cent. Tea has not increased in price and yet the sterling rise is 33½ per cent. Coffee has increased by 17 per cent. but the sterling price has gone up by 50 per cent. I am quite prepared to sit at the feet of the Honourable the Finance Member and learn, if he can tell me into whose pockets this increase in the price has gone. If the pound had been 15 rupees would not more rupees have come to the producer? As it has not gone to the producer, the question is where has it gone? Has it disappeared? Sterling prices have gone up; rupee prices have remained the same. Where has the profit gone? I am referring to these two points not because I am suggesting any panacea for the evil of high or low exchange, but because I want the Honourable the Finance Member to consider whether the time has not arrived when the promise given by His Excellency of having a committee appointed should not be taken up at once and not delayed for one year, which after all is the maximum period within which it has to be appointed. The times are changing; war prices are settling down and sterling is at parity. The time I think has come when the Honourable the Finance Member should take his courage in both hands and appoint a committee, a committee consisting of experts of all shades of opinion and of all schools of economy, and settle once for all, if they can settle it, the question of exchange.

One other point which I want to take up is the question of debt redemption. My Honourable friend Mr. Ramadas said that the provision for debt redemption has been increased. I have also noticed that. I do believe that a provision for debt redemption should be made, and with that principle I think we are all in agreement. This House as a matter of fact passed a Resolution which was moved by my Honourable friend Sir Maneckji Dadabhoy, that a policy of debt redemption should be laid down. What I object to is the details of the policy. I believe a committee was suggested in the other place and an informal conference was called by the Honourable the Finance Member to which even the Mover of the Resolution in this House was not invited. That is again an instance of the confidence shown in the Members of this House, although it is said that we are strong in finance. When the question of a policy of debt redemption was being considered neither the Honourable Sir Maneckji nor my Honourable friend from Bengal who can easily hold his own against any member of the other House, was invited thereto. I want that committee to meet at once and to consider whether any provision should be made for the redemption of productive debt. If it is decided that such provision should be made then I suggest that out of the total debt of 846 crores, the amount of debt which is not redeemable should be deducted and provision should only be made for the redeemable amount. These are the two alternative principles which require very careful consideration at the hands of the Finance Member, and I hope that he will consult representatives of both the Houses and arrive at a decision before the September Session when this question comes up.

There is only one more suggestion that I have to make and that is this. In reply to Lala Sukhbir Sinha's remark about the advisability of more money being spent on agriculture and other nation-building departments the Honourable the Finance Member said that these departments were provincialised and that as he was providing more money for the

[Mr. Lalubhai Samaldas.]

provinces they will be able to carry on developments in these departments. There is one department, however, which is not provincialised, which is a central department and which the Government of India ought to develop. The report of the Mercantile Marine Committee has been before the Government of India for about a year and no action is taken thereon. This is purely a central subject and as a member of the Indian Mercantile Committee I am really surprised, Sir, that our work completed one year ago has not even received the recognition of a formal Resolution at the hands of the Commerce Member.

THE HONOURABLE MAJOR NAWAB MOHAMED AKBAR KHAN (North West Frontier Province: Nominated Non-Official): Sir, we the Members of this House have full confidence in the Executive Council of His Excellency. If it was not the case we would not come to this place and ask them to redress our grievances here. But as we all come here, so it shows that we have full confidence, and that is why we bring our grievances before them and ask them to redress them. We have all got important work in our own provinces to attend to and if we had the slightest doubt that deaf ears will be turned to our requests we will not as self-respecting men come here.

But, Sir, as regards this Finance Bill, I have nothing to say regarding the imposition of the salt duty, the rates of postage and the reduction of excise duties on motor spirit; for cost what they may these are after all universally borne by the entire population of India. Every soul on the Indian soil, rich or poor, high or low, cultered or ignorant, has to contribute equally towards these impositions and there can be no exceptions in these respects as whoever eats salt or is inclined to take advantage of the facilities offered by the Postal Department will have to pay something in equal share with others. But the case of the income-tax and super-tax is quite a different one. Here there are good many exceptions which ought to be meditated upon with a cold mind. First of all it is a very complicated imposition, varying by every thousand so to say and increasing by three and six pies till it comes to an anna and half in a rupee as income-tax and six annas in a rupee as super-tax, *i.e.*, seven and half annas in a rupee on the whole. Apart from its being a complicated one it is really a heavy imposition that the tax-payer is made to pay to the Government in the form of income-tax and super-tax. The former history of India provides few examples of such a taxation. I am not certain what the Hindu laws say in this matter, but being a Muhammadan I can safely say that the Islamic law does not impose more than $2\frac{1}{4}$ per cent., which in time of need can be extended to $1/10$ th of the entire income and that it is never to be exceeded under any circumstances. This has been the system of taxation in every Asiatic country since the seventh century till the end of the eighteenth. Here in India the Moghuls used to collect so much in spite of their confined resources which they called "Ushar", an Arabic word meaning one-tenth.

Later on the Maharatas too restricted their system of revenue to the same lines which they termed "Surdaish Mukhi". It is a matter of great surprise that the present system of revenue known as income-tax and super-tax, in spite of a good many other resources of income, far exceeds in value the one prevalent in former times. It is because of this excessive taxation that complaints regarding evasion of payment are generally heard. When a man is made to part with nearly one-fifth of his income of 3 lakhs (Rs. 59,375, as income-tax) and the more his income increases the greater

becomes the demand in the rates of super-tax till it reaches nearly half of the actual income, it is a matter that requires reconsideration of the authorities and some early suitable solution of it is necessary.

Again the imposition of such a taxation is not intended to make a change in the status of a man liable to be taxed. It does not give him any special privilege and there is no distinction whatsoever in law between a heavy taxpayer and a non-tax-payer. On the contrary it is a kind of punishment inflicted on the hard-working man for his zeal and diligence in his work that he gives proof of in enhancing his income. It reminds me of a Persian poet who says: "*Ai roshani-e-taba to bar man bala shudi*", i.e., "O my clear sightedness you have proved a great evil to me." It does not bring him any relief with regard to the necessities of life but the heavy tax-payer is expected to pay the same price of a thing as the man beyond the clutches of the income-tax law. Now, Sir, if it does not bring him any advantage in respect of law or any other way of legislature, what justification can there be for a rich man to pay his taxation at a higher rate than a man with less income? Granting that he ought to pay something more of his income in comparison to these with lesser incomes to the Government, I think that the demand should be a reasonable one. There ought to be devised a method that should equally be applied to each and every soul of this country; for why should the rich alone be made to suffer on no account of the increase of his income. The most agreeable method, in my opinion, should be to fix a limit to this form of taxation, say 1/20th or 1/15th of a man's income. This would simplify matters much, bring ample money to the Government Treasury and at the same time lessen the grievances of those grumbling under the present form of taxation. In case the Government cannot see its way to fix the income-tax at 1/20th or 1/15th of a man's revenue I think 1/10th would be quite a reasonable demand. Sir, I do not mean to confuse this tax with land revenue which is paid separately according to settlement in various provinces. I think that this system of fixing the income-tax at a maximum limit of 1/10th can in no way fail to bring more money into the Government Treasury than what is expected under the present system. The system suggested is no new thing to the people of this country but they have been accustomed to it under the Arabic name of Ushar and the Hindi name of Suvdaish Mukhi. This would be an equitable form of taxation and the payers would have no room to grumble on this account. Moreover it will greatly help making matters easy for the Income-tax Department and thus relieve the authorities of much of the botheration that they are now made to undergo because of the various rates of the current bill.

This taxation directly affects the rate of interest in the market and any person trying to get a loan has to pay a high rate of interest for it. Hence he has to sell his articles at higher prices in order to earn his living and make up the high rate of interest that he has to pay on account of this heavy taxation. I think, therefore, that a uniform limit of one-tenth of a man's income should be the maximum in respect to income-tax. The great drawback of this heavy taxation is that it will ultimately drive the capital out of this country and the only way to keep it within this country is to introduce a uniformity in this taxation, by which neither the Government nor the capitalist will be the loser and the burden of taxation will be equally shared by every subject of His Majesty in India.

THE HONOURABLE LALA SUKHBIR SINHA (United Provinces Northern : Non-Muhammadan): Sir, when I was coming to this House this morning

[Lala Sukhbir Sinha.]

I had no idea that I would have to speak at this stage of the Finance Bill, but when I arrived here and heard the concluding portion of the speech of my friend, the Honourable Mr. Ramadas Pantulu, and the long defensive speech of the Honourable Sir Narasimha Sarma, I was determined to say something on the subject. Mr. Ramadas Pantulu has suggested that the Bill should not be taken into consideration. I fail to understand, Sir, the propriety of this motion. When the Demands have been accepted and passed in the other House, if the Bill is not passed here, how will those Demands be met? Without money nothing can be done. It would have been appropriate at that stage in the other House that the Demands would not have been accepted, but it is too late now to move such a motion that the Bill be thrown out. Therefore, I strongly support the proposition that the Bill should be taken into consideration.

Under the Bill itself there are some matters on which I should like to say a few words. The first is about the salt tax, but I reserve my remarks to the stage when the amendment will come on and which I am going to support.

As regards super-tax, my friend, the Honourable Major Nawab Mohamed Akbar Khan has made a suggestion that it should be reduced. I beg to point out in this connection that when there was no surplus Budget, when money was wanted and the revenues were not sufficient, the income-tax rates were raised after the war, but now when we are going to have surplus Budgets, I think the time has come to consider this question whether the super-tax rates should not be lowered. I find that the rates of income-tax are coming down in other countries. There is no reason therefore why in this country also they should not go down this year or the next year. If you will take the figures into consideration, you will find that in the case of those who pay income-tax on about 3 lakhs the rate goes up to $7\frac{1}{2}$ annas per rupee, i.e., half of their income is taken in the form of income-tax. I think this is too much, and I request the Finance Member to consider this question either this year or next year. The second point is about the Hindu joint families. The Hindu joint family system is very old in this country and I think it has been respected all round, but what I find now is that under the rules of income-tax, under the rules of the Arms Act and under other rules the dignity of the Hindu joint family is impaired, and it is becoming difficult to maintain this system of Hindu joint family in this country. For instance, under the Income-tax Act if a Hindu joint family has a total income of Rs. 1 lakh and there are four members consisting of the family, they are charged an income-tax on one lakh with a super-tax but as soon as they are divided, they will pay income-tax only on Rs. 25,000 each. Therefore this is a kind of incentive to the family to be divided and partitioned: and I strongly submit that it is not advisable even from the Government point of view to thus induce a family to be partitioned and to be divided up and ruined, as we find from experience on account of these rules and on account of the want of sympathy by the Government these families are being ruined. Some steps should therefore be taken to maintain them intact because they are a great backbone for the Government as regards money, as regards subscriptions, as regards men. This was illustrated during the war when there was a call for men and for money, and Honourable Members may know well how much help they have given as regards money, men and everything.

Now, Sir, Mr. Ramadas has raised another very important question in his speech. He has said that the people have lost confidence in the British Government, that the Government of India have not done or the Members of the Executive Council have not done their duty and they should resign. This is a very wide question, but I should like to say a few words, a few personal remarks, on this important question, as I cannot or do not like to pass this opportunity without expressing my humble views on the subject. I think it is quite wrong and absurd to say that the people as a whole have lost confidence in the British Government. It is true that a section of the people have lost some confidence, but not the people as a whole. If we go back to old history, we shall find how much chaos there was in the country, and how much of improvements have been made by the British Government as regards railways, canals, roads, posts, telegraphs, education and in many other directions for which we should be most grateful to the British Government. But I cannot admit that the British Government, the Central Government or the Provincial Governments, have been able to do what they ought to have done during the last 150 years. When you find the advance made in other countries as regards education, reforms, general public health, etc., we find ourselves very backward. For instance, here in this country we have not been given reforms as in other countries. There is no doubt that for the last 4 or 5 years we have the new Government of India Act and we have some reforms. But I should like to say that we do not have as much of reform as we ought to have. Everywhere the Councils are handicapped. The Resolutions have no effect. The Governor General or the Governors have the power to veto any Resolution. They may not take any action on the Resolutions, nor on the Budget. We have a good deal of discussion but actually the people of the country have not as much hand in the matter of administration as they ought to have. I do not say that they should have everything all at once, but I submit that they should be given more power.

The second point is about education. What do we find here? The education here is very backward; only 5 or 6 per cent. of the people can read and write; only one per cent. can be called educated. Is it not a very bad state of things? In other countries we find that the educated people are per cent. per cent. and they can take part in their administration and other things. But here the masses are all quite uneducated. They do not know what is going on. Therefore they are misled by any party, either Non-cooperators or Extremists; when they go to them they at once join them. If they had been educated and if they had learnt something about the administration, they would be able to consider what they ought to do. But here the case is not as we find in other countries.

Now, the same is the case with regard to health. What we find is that different kinds of diseases are taking away the people of this country; diabetes, consumption and many other diseases which are fatal are spreading. Leprosy, for which we had a big meeting here under the presidency of His Excellency the Viceroy, and other similar diseases are found everywhere. As I pointed out the other day, Government are giving medical help, but not as much as they ought to. The health of the people is going down every day. We find the same thing in schools and colleges; no military training is given there. Even in villages the health of people is going down. Therefore, when we find that the health of the people is degenerating, when we find that education has not advanced as much as it should have advanced, when we find reforms not up to the level, then of course it cannot be denied that the Central Government or the Provincial Governments have not done

[Lala Sukhbir Sinha.]

what they ought to have done. When we have these Executive Councils in the Central and Provincial Governments, when we have Indian Members, when we have Ministers in Provincial Governments, when we have Legislative Councils, there is no reason why this country should not make a rapid advance in all directions. For instance, Sir, I will say a word about agriculture and industries. What have Government done in those two directions? They have got the Agricultural Department in the Central Government and in the Provincial Governments, but they have done very little. My Honourable friend Sir Narasimha Sarma was Member in Charge of Agriculture. An advisory committee was appointed last year. Was there any meeting held to advise the Department? I was a member of that Committee; I was never asked to attend any meeting

THE HONOURABLE SIR NARASIMHA SARMA: There was a meeting and we arrived at various conclusions. I think the Honourable Member was not present perhaps owing to ill-health.

THE HONOURABLE LALA SUKHBIR SINHA: I do not remember to have received any notice. I have searched my papers. Then I put a question in this House as to why any meeting was not held and the reply given was that there was no business. So also in the case of the Industries Department. There was a proposal to hold an all-India Conference for agriculture and cattle but nothing has been done as yet. Therefore, my Honourable friend Mr. Pantulu is right in saying so much that the Government of India and the Provincial Governments have not done as much as they ought to have done in the nation-building departments, in taking up those matters that are useful for the people of the country, in those matters that would raise the condition of the people. Our agricultural condition is just as it was 50 years ago. There ought to be some reasons; and it is for the Government, the Members of the Executive Council, the Members of this Council and the other House to find out what can be done and to adopt such measures as are necessary and proper for developing the economical state of the people of this country. With these few remarks, I strongly support the motion that the Bill be taken into consideration.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadian): Sir, I am sorry to find that my Honourable friend Mr. Ramadas has used language in this House to which we hitherto have been unaccustomed. He accused the Government of having lost the confidence of the public. I am sorry, Sir, that I cannot at all agree with him in this. Being a business man I always believe in mutual trust; when we have trust in a certain person it is quite natural that the other person in whom we repose trust will reciprocate our trust. Being a co-operator, I am convinced that it is co-operation which will lead soon to our attaining Swaraj; by co-operation and working the present institutions, we shall be able to get more concessions and more voice in the Government than we at present have. Taxes, Sir, are always unpopular, but the administration of the country needs that taxation should be resorted to. Taxation, if evenly distributed, is always regarded as better than taxation which is unevenly distributed. I have been always advocating that the burden on the poor ought to be removed as early as possible. Last year I opposed the high duty on salt. But this year I find that the duty has been reduced by 4 annas a maund by the other House which means a reduction of about three-fifths of an anna per head per year. So I do not think there is much

burden on the poor so far as this duty is concerned. Even a beggar can meet another half an anna per year. In case the abolition of this duty would have been possible without sacrifice of the provincial contributions or without imposing any extra taxation, I would have advocated for it. But I do not think the small increase in duty will sensibly affect the poor people.

I would have welcomed the abolition of the excise on kerosene oil. Kerosene oil is comparatively consumed more per head

THE HONOURABLE THE PRESIDENT: Order, order. I think the Honourable Member had better reserve these remarks till the Bill is actually under consideration. They will be more appropriate on the clauses of the Bill.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Very well, Sir. I will reserve my remarks when this Bill is taken into consideration. Now I simply move that the Bill be considered.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (West Punjab: Muhammadan): Sir, I have got so much sympathy for our friend, the new-comer, that, although I did not belong to any party before, I will to-day for a while, become a Swarajist. The Swarajists are quite right, I think, in saying that Government spend a lot and therefore they should pack up and go. But if this was done and the Bill was thrown out, it will serve two purposes. The first is that everything which is now going on in the country will come to a standstill. There will be no police, no magistracy, no Councils because there will be no money. I think, if the Government were only suspended for a month, circumstances will soon restore the confidence of our friends in the Government. They will cry and ask them to come back again. Secondly as far as the Punjabis are concerned, such a suspension of Government will also be beneficial as they will become very much better off financially. (*The Honourable Major Nawab Mohamed Akbar Khan*: "Six months will be better.") I think one month will be enough. Then, Sir, we have a saying in the Punjab that such and such thing is as negligible as salt in the flour. In the same way, I think the voice against the salt duty in this House is so negligible as salt is in the flour. There is only one man, or perhaps there may be two. We do welcome our new friend the Honourable Mr. Ramadas but he would have been no doubt more welcomed elsewhere. (Laughter.) About the salt tax, Sir, although there was not much discussion in this House, I said as much as I could during the general discussion on the Budget. I think it was a mistake that the Finance Member acted so very straight for the purpose of bargaining. What he really ought to have done was that he should have increased the salt tax by, say, one rupee. If he had done so, all this energy of our friends to reduce the present amount would have been spent on bringing it to its former level and all this difficulty would not have occurred. The other day I went to the Punjab and it so happened that when I was passing Lahore the local Council was in session there. When they heard about the decrease of the salt duty, they were furious, especially the zamindars, because last year they had suffered heavily as they had to pay to the central revenues a very heavy tax on irrigation. Now, when they heard that they were going to get something from the Government of India in the shape of remission of provincial contribution they were very pleased that this burden will be taken off their shoulders. But when they heard about the decrease of the salt tax, they at once accused their own Members in the Assembly. The Members of the Punjab

[Colonel Nawab Sir Umar Hayat Khan.]

who have worked more or less as spies against their province do know that the Punjab is a province of war-like people and most of the war-like classes are zamindars. They knew that the zamindars are very displeased with this Irrigation tax and thought if the Punjab was to get all this money, this tax would have been removed, and everyone of them would be satisfied with the Government. But that they did not want. All that they want is obstruction. They want to bring forward some plea in order to discredit the Government with the martial classes.

Sir, the Punjab has special claims on India. Every onslaught from without that this country has had, has come on that province first and all our friends in the down country have never had any trouble. So, if this salt tax was not reduced, naturally Punjab would have got its full share, and there would have been contentment and we would have got something as compensation for the service that we have always rendered to the whole country.

Sir, I am not a medical man. But I think those who eat meat know that there is salt in the meat and even those who eat vegetables know that there is some salt in the vegetables also. It is a natural salt. In our system there is only one teaspoonful of salt in a pint of our blood. So, excessive salt is not wanted in the system. As a man becomes addicted to the habit of drinking whisky or taking tobacco, so is the case with the use of excessive salt.

Sir, we all know that the ordinary labourers in this country get very much more money than the labourer on the land. And all the politically minded people are very loud in saying that every one should be ready to help their mother country. Now, in what way can these poor people help their mother country? The income-tax and super-tax, as my Honourable friend Nawab Mohamed Akbar Khan has said, is not levied on them. Having no land, they do not pay anything in the shape of land revenue. Similarly, they do not pay much towards the cotton duty as generally in the hot season they do not spend much on their clothes. So, if they really want to help the State, in what way can they do it? I think the salt tax is the only way by means of which every man can bear the burden of the country and can help towards the upkeep of its Government and its protection from abroad. Supposing the country was not so protected where would all these factories be, and if there were no factories where would these labourers from whom we ask a pice or two a year get employment? Some of them are so well off that they drink toddy and various other things; and naturally after the effects of these drugs they require salt for their liver, but what the country needs is that instead of spending all that money on toddy they should contribute towards the salt tax before they resort to those obnoxious things.

We were very thankful, Sir, to the Government when we heard that we were going to get this very nice round sum, but now of course the Punjab will be the greatest sufferer if this salt duty is reduced, and I will ask all the House to join me, especially the zamindars. (*The Honourable Major Nawab Mohamed Akbar Khan*: "Every one of us is with you!"). I know the whole House is with me with one exception, and that is very useful because our whole House being so good it will invite the evil eye if there were no exception. Therefore I say it is just as well that we have a dissenting voice sometimes.

I do hope that the Bill will be passed in its present shape: we only propose a little change in which I agree with my Honourable friend Nawab Mohamed Akbar Khan.

THE HONOURABLE MR. G. S. KHAPARDE: I move that the question be now put:

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, with the political question which was raised by the first speaker I do not propose to deal. It has already been dealt with fully and admirably by my Honourable friend Sir Narasimha Sarma. The policy of throwing out this Bill for the sake of throwing it out is one I have never been able to understand. If it is pursued for the sake of proving that the framers of the present constitution were wise enough to include safeguards in order to deal with such a situation should it arise, I should have thought that was a fact that needed no demonstration, and to demonstrate it again and again day in and day out does not, as far as I can see, take us any further forward. I was delighted to hear from the Honourable Nawab Sir Umar Hayat Khan that he was a Swarajist. I have always suspected it, though I think the sense in which he is a Swarajist, if I may convert the Sanskrit into Latin, is that he likes converting other people's *meum* into his *suum*.

Let me come back to the financial questions which have been raised. My Honourable friend Mr. Lalubhai Samaldas complained that when I interrupted him in the general discussion on the Budget here on the 5th March, I made a general statement about imports of textiles which he demonstrated to be incorrect in detail. The general statement came in at a point where he was speaking; he said:

"If the income under the import duties on cotton piece-goods has increased it means larger imports of cotton piece-goods and unless there is some special explanation it must be due to the fact that exchange was high."

I interjected the simple remark, "Imports were specially low the year before"; and if you take the total figure that is clearly the fact. That in particular cases the imports under particular heads were higher does not in any way impugn my general statement that taking the total figure, the imports of cotton goods were specially low the year before. On the general question as regards exchange it is I think a sufficient answer to any charge that the movements in exchange during the last year have specially favoured imports or specially disfavoured exports—I think it is a sufficient answer to show that during the ten months from April to January exports of Indian merchandise went up from 273 to 296 crores compared with the corresponding period of the previous year while imports went up from 181 to 205 crores, the increase in both cases being about 24 crores. It is clear that whatever effect exchange has had it has not had any particular effect in increasing imports or reducing exports during that period.

THE HONOURABLE MR. LALUBHAI SAMALDAS: In value, not in quantity.

THE HONOURABLE SIR BASIL BLACKETT: I am speaking in value. As the Honourable Member has pointed out values have remained remarkably stationary. He made it an accusation against the Finance Department that values had remained stationary in terms of rupees and he produced several figures to show that in fact rupee prices had remained stationary or gone up very little. But that was exactly the fact to which I myself drew attention in my budget speech and for which I took some credit to the Finance Department and to the Government of India because

[Sir Basil Blackett.]

I believe it to be very much in the interests of any country if it is possible for its prices to remain fairly steady and for the value of the counter in which it pays—whether it is the rupee or the pound sterling—to remain fairly stable, and I think the answer to the question as to where the profit has gone between a rise in the sterling prices and the absence of a rise in the rupee prices is that there has been no profit; it has merely been a change in the value of sterling as a counter; the value of the rupee has remained steady, while the value of the pound sterling has gone down; the pound sterling buys less than what it did before, whereas the rupee buys just what it did a year ago. Ten rupees now can buy very much what they did a year before, whereas £15 buys to-day what £13 would have bought a year ago. The value of the pound has gone down in terms of commodities. It is one of the difficulties we have, that people invariably think the rupee or the pound does not change; but it is really only a counter which is constantly changing in value, and the answer to the question, what has happened, is that the pound sterling has lost some of its value as a counter. That is a point which has a wider bearing than merely in relation to the question of exchange.

During the course of these debates here and in another place a good deal has been said at times about the unbearable burden of taxation, about the tremendous increase that has taken place in taxation since the period before the war and about the tremendous increase in our expenditure generally and the necessity for getting back to something like pre-war figures. Now, I have taken the trouble to work out a comparison between the present time and 1913-14. It is often said that we have imposed additional taxation bringing in—I think 48 crores is the usual figure given. It is very difficult after a certain time to give the exact yield of the new taxation that you have imposed; but I have got the whole of our taxation both central and provincial for 1913-14 here and the corresponding figures for 1923-24 which is the latest date for which complete figures are available. In 1913-14, taking central and provincial together, Customs brought in 11·12 crores, Taxes on income brought in 2·90 crores, Salt 4·77 crores, Excise 13·19 crores, Stamps 7·89 crores, Registration 78 lakhs—total 40·65 crores. Land Revenue which to some extent is rent rather than taxation, but the proceeds of which come to

THE HONOURABLE LALA SUKHBIR SINHA: It is taxation, not rent.

THE HONOURABLE SIR BASIL BLACKETT: I do not want to enter into a controversy with my Honourable friend now as to whether it is rent or taxation. I do not agree with him; I think to a large extent it is rent and to some small extent taxation; but the proceeds of it are used for Government expenditure. Land revenue in 1913-14 brought in 31·20 crores—so that we have a gross total revenue from taxation and land revenue of 71·85 crores in 1913-14. The corresponding figures for 1923-24 are Customs 39·64 crores, Taxes on income 18·23 crores, Salt 9·64 crores—i.e., when the rate was at Rs. 2-8 per maund, Excise 19·20 lakhs, Stamps 12·71 lakhs, Registration 123 lakhs, Scheduled taxes 33 lakhs; total 101 crores 24 lakhs. Land revenue brings in 34 crores 62 lakhs, making the total 135 crores 86 lakhs, as compared with 71 crores 85 lakhs in 1913-14. That is an increase per head from 100 to 187. If you take 100 as the index figure for the amount in 1913-14, the figure for 1923-24 is 187. The land revenue is little more than what it was in 1913-14. The total including land revenue is 187 as against 100. During the same period the population of British India has increased from 243 million 900 thousand

to 247 millions, so that the charge per head including land revenue was Rs. 2-15-0 in 1913-14 and it is Rs. 5-8-0 in 1923-24. Now it may be said that it is a very large increase. It will be observed that there is hardly any increase under land revenue. Most of the increase is really under Customs and Taxes on income with some increase under Excise, but most of it is under Customs and Income-tax. Now it must be remembered that customs duties are paid to some extent by the whole of India, and not merely by the population of British India. It is one of the effects of customs duty that it really affects to some extent the whole of India.

THE HONOURABLE MR. LALUBHAI SAMALDAS: Do not please lay too much stress on that point.

THE HONOURABLE SIR BASIL BLACKETT: One ought to take that also into consideration, but as the Honourable Mr. Lalubhai Samaldas says, I will not lay stress on it. But even leaving that point out, let us compare this increase of 100 to 187 with the increase in prices. Wholesale prices in Bombay have increased from a figure of 100 in 1913-14 to a figure of 182 in 1923-24, which is very little different from the increase in the taxation per head. I think the Bombay figures are high for the whole of India. The general index number has increased during the same period from 100 to 165. If you take the Bombay figure, you will see that taxation has gone up almost exactly in proportion to the increase in prices, so that the burden of taxation has hardly gone up at all on that basis,—just as in the case of other prices in trade, the value of your rupee as a counter has changed. Therefore, the amount that you are collecting in taxes in commodity value to-day is very little more than the amount that you were collecting in 1913-14. I do not want to stress the argument too much. It is open to question in various directions, but it is a useful corrective to the sort of unthinking statements about the staggering increase in the cost of Government, the staggering increase in the military expenditure, and things of that sort which are frequently hurled at the devoted head of the Government whose record, as the Honourable Sir Narasimha Sarma pointed out to-day, is perhaps rather better than its critics would admit.

The same argument applies to our military expenditure. In 1913-14 it was 29·84 lakhs; in 1923-24 it was 56·23 lakhs, an increase from 100 to 188, almost exactly the same proportion as the increase of our revenue from taxation and land revenue and not very much larger than the increase in prices. Now, when you come to railway rates, as was shown the other day in another place, railway rates have not gone up in proportion to the increase in prices. The Government are, therefore, giving the service of their railways cheaper in terms of commodities than they were before the war. Whereas everybody who goes into a shop to buy the things that he buys in a shop, for example to have his hair cut, is paying now a very much larger sum in rupees for the service he gets from that shop or for the goods which he buys in that shop, they are getting from Sir Charles Innes or the Railway Department goods and services at a comparatively cheaper price as compared with the other increases. And they are getting from the Government as a whole the service which the Government are rendering to-day for a price very little more in proportion than the price at which they are getting goods and services from the shops when they go to buy things there: and that, in spite of the fact that this Government have had to incur very considerable expense in connection with a large war. That does not, of course, mean to say that the burden on the individual payer is necessarily much the same as it was before. That

[Sir Basil Blackett.]

depends on what has been happening in regard to his economic progress, whether he has become better off during that period to the extent of the rise in prices or whether he has on the whole not been improving his position. But it is clear that the charges that are levelled against Government of being extravagant and extortionate and of wasting huge sums by comparison with 1913-14 are not borne out by the facts if you examine them carefully. A very interesting lecture was delivered not very long ago by Professor C. J. Hamilton of Patna which I see is known by some Members here in which a comparison is made, I think, between 1900 and the present day, and it is brought out that the charge per head of the population for the cost of Government to-day is probably less than it was at that time. I do not say I would confirm all his figures, but this economic examination of the facts is a useful corrective to some of the statements that are made in the heat of attacking the Government. I would draw the particular attention of the Members of this House to the figures about land revenue. The total collected in land revenue in 1913-14 was 31 crores and 21 lakhs, while in 1923-24 it was 34 crores and 62 lakhs. If you consider the change in the value of money during that period, it is quite clear that the burden of land revenue has been considerably diminished during the period of ten years—quite considerably diminished. Of course, where there are permanent settlements, the burden always goes on diminishing as prices rise. Where there are not permanent settlements, there is a corrective applied, I think, every 30 years when a reassessment is made, but not necessarily to the full extent. I have drawn attention to these figures because the whole subject of our taxation is under examination by the Taxation Inquiry Committee at the present moment, and we are hoping that this subject may be one in which the country as a whole will take a considerable interest when that report is received. It is important if you are to think correctly on these subjects to remember that the rupee is essentially a counter in exchange and is not something which is immutable in value from generation to generation.

Several Honourable Members spoke about the desirability of reduction of super-tax. I expressed some views on that subject in this House about a fortnight ago recognising that if high rates of taxation are taking away resources from the people who would otherwise have money which they would use for industrial development or for the development of the country, to that extent high rates of taxation may impair the position of the country and that it is important not to regard super-tax as simply money wrung from the well-to-do rich men which they would otherwise waste on riotous living. It may be money which in his hands would be used to the advantage of the country and taxation of the rich cannot be separated from taxation of the poor into water-tight compartments in the way that is sometimes done. I hope Honourable Members will not think from what I have been saying that I am a confirmed advocate of maintaining all our taxes at the present rate or of putting them up higher or of preventing our military expenditure from going down lower. But I would like to say that though I do hope to see a continuous and steady reduction in our military expenditure, I think we have passed at the moment from the era in which big reductions in military expenditure are possible. There was of course a saving of 4 crores as between the original Budget for the year 1924-25 for military expenditure and the revised Budget, and it has been suggested more than once in another place that over-budgeting of that sort may have recurred in the present Budget for 1925-26. I do not think that we have

any reason to look forward to any large saving on our military Budget for 1925-26. We think that our estimate of about 56½ crores is one which will be closely realised. There is no reason to suppose after what has happened in the last two years that we shall be able by special economies to secure a large saving in that figure. We do look to a reduction in our military expenditure in 1926-27 owing to the cessation of special non-recurrent charges due to the aftermath of the war. The actual established charges in our military expenditure this year are only 55 crores, and there is good hope that we may be able gradually to work our military expenditure down. But generally speaking I look for improvement rather in the direction of increased yield from our existing sources of taxation. In particular, I think the income-tax is capable even without any alteration of the figures of producing a larger revenue in a good year, and as trade generally improves, customs ought to continue to bring us in a steadily increasing revenue, and we can look forward to a progressive increase in our receipts from Railways. Meanwhile, as we use our provision for reduction or avoidance of debt to advantage, we may bring down the burden of the charge for interest quite considerably and find means in those ways of increasing our surplus by slightly reducing our total expenditure and increasing our total revenue from the existing sources. It is out of that difference between revenue and expenditure that I personally look forward to getting rid of the remainder of our provincial contributions and possibly making certain reductions in other taxes. We have, however, to remember that some items of our revenue, both central and provincial, are not altogether on a secure footing. If the policy of prohibition, for example, is to be enforced either locally or centrally, or if a stricter policy in regard to opium is to be enforced, we shall have large gaps in our central or provincial revenues, mainly provincial, which will have to be made good from other sources. We cannot, in particular in the case of excise from liquor, hope to make good loss of revenue due to a social policy, such as prohibition or local option, except by recourse to other sources. That will, of course, be a matter not for the Central Government but for the Provincial Governments themselves to meet their own difficulties if they desire to undertake social legislation of that sort. But leaving those questions aside, I do look forward to a gradual improvement in our position owing to an increase in the yield on the existing basis of our existing sources of revenue, some slight decrease in our expenditure on military charges and for interest, and an increase in the productiveness of such sources as my Honourable friend, Sir Charles Innes has, in his Railways.

I do not know whether my Honourable friend, Mr. Lalubhai Samaldas, will desire me to say much about exchange. I notice that he confirms my suggestion that this outworn theory is getting rather old because he quotes in support of it the minority report of the Fowler Committee of 1898, which minority report itself had been completely demolished by the evidence of Professor Marshall before the Gold and Silver Commission ten or twelve years before. I do not think that the minority report of the Fowler Committee is a very strong ground to stand on. The whole of the point that has been made by my Honourable friend here and by other speakers in another place comes down to this that high prices are in their opinion desirable. It is simply a claim that it is for the general good of the country that prices should be rising and should be high. The Honourable Member's complaint was that the policy of the Government of India had successfully kept prices in India steady for last year

THE HONOURABLE MR. LALUBHAI SAMALDAS: I said that the natural rise in the sterling prices has not been reflected in the rupee prices by your keeping the rupee higher in sterling value.

THE HONOURABLE SIR BASIL BLACKETT: The rise due to natural causes in world prices has been reflected not in an increase in the rupee prices, but in a change in the value of the rupee. That is the simple statement. And the complaint is that the rupee has been allowed to rise instead of prices being allowed to rise. Is it really in the interests of the country at the moment that the price of wheat should be allowed to rise even beyond the figure to which it recently rose? I believe there has been a break in the last few days, but I am sure everybody recognises that it is not for the good of the country that wheat prices should be very high. Is it desired that we should pursue a policy by which we should put up the price of wheat considerably higher and are the Government of India to be blamed because owing to their policy the price of wheat in terms of rupees has been kept from rising unduly? That brings down the controversy to the narrow point at which the issue is really joined. There is, I think, now very little division of opinion between me and my critics on the facts. It is merely a question whether or not it is desirable that prices in India should be higher than they are to-day.

THE HONOURABLE MR. LALUBHAI SAMALDAS: I want to know from you whether exchange should be manipulated by Government to keep it lower?

THE HONOURABLE SIR BASIL BLACKETT: Exchange, as I have said, has always to be manipulated in a certain sense. It is impossible to have an exchange that is entirely automatic. I agree that if during the last few years exchange had been in a fixed ratio to gold we should have been powerless to prevent the wild fluctuations in gold prices that have taken place from being reflected in India, and I think it has been to the advantage of India that during that period we had been in the fortunate position of having the power to prevent the full effect of the large fluctuations in gold prices from being reflected in Indian prices. (Applause.)

THE HONOURABLE THE 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 remit or vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to reduce the import and excise duties on motor spirit, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration.”

The motion was adopted.

The Council then adjourned for Lunch till Twenty Minutes past Two of the Clock.

The Council re-assembled after Lunch at Twenty Minutes past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: The House will proceed with the detailed consideration of the Finance Bill.

Clause 2. The question is:

“That that clause do stand part of the Bill.”

THE HONOURABLE MR. A. C. MCWATTERS: Sir, I rise to move the amendment which stands in my name:

"That in sub-clause (1) of clause 2 of the Bill for the words 'one rupee' the words 'one rupee and four annas' be substituted."

Sir, the object of my amendment is simply to restore in the Bill the existing rate of salt duty. It is the rate which this House agreed to last year when it passed the Finance Bill. It is the rate which has been in force for the last nine years, with the exception of one year when it was higher. It is the rate, and this is important, which was in force at the time the reformed constitution was inaugurated, that is to say, at the time when we gave our promise that we should so shape our policy as to secure the reduction and eventual extinction of the provincial contributions. We are asking the House now, by accepting this amendment, to enable us to redeem that promise, and in this year when we are able for the first time to make a reduction we are asking the House to assist us to make that reduction a substantial reduction, a real relief to provincial burdens.

For the amount involved is substantial. This change of four annas per maund in the salt duty means a recurring loss of 125 lakhs of rupees. In the Budget year the loss will be 90 lakhs which is due to the fact that under our system of credit sales a certain amount of salt in Madras and in Bengal and to a smaller extent in Bombay will continue for six months to pay duty at the rate in force in the preceding year. The loss next year will therefore be 90 lakhs. But the recurring loss will be 125 lakhs, and this is the figure which I must ask Honourable Members to keep in mind because clearly it is the amount of the recurring loss which affects the extent of the reduction which we can make in the provincial contributions—125 lakhs of rupees a year, that is to say in five years' time you will have sacrificed over six crores of rupees, and this at a time when every province in India is crying for money; when schemes are being held back, schemes which will benefit public health, improve sanitation, purify the water supply, develop industries, stimulate agriculture and extend and improve education. Schemes for all these and other purposes of really national benefit are being held back for want of money. And we know what the opinion of the provinces is. Only this morning we saw in the telegrams that a motion for adjournment was carried in the Madras Legislative Council to emphasise the urgency of the remission of the provincial contribution. An interpellation was also made in the Punjab Legislative Council

THE HONOURABLE MR. G. A. NATESAN: May I ask the Honourable Member to state again what has happened in the Madras Legislative Council?

THE HONOURABLE MR. A. C. MCWATTERS: A motion for adjournment was moved by Sir James Simpson and that motion was carried without a division in the Madras Legislative Council. (Hear, hear). And it is not only a question of the material benefits which this money will confer. There is no doubt whatever that one of the causes which have operated most of all to retard constitutional progress has been everywhere the lack of funds.

[Mr. A. C. McWatters.]

I now turn to the question of the burden which this extra four annas imposes. The figure was quite correctly given this morning by my Honourable friend, Lala Ram Saran Das. We know that the amount of salt consumed per head in this country is roughly six seers per annum, and therefore the incidence per head of this extra four annas is not more than three-fifths of a¹ anna per head per annum. No one desires taxation which presses upon the poor, but I ask this House whether this can seriously be considered a great burden even upon the poorest tax-payer. And more than this, the whole of this benefit will certainly not reach the tax-payer. In the case of a reduction so small as this, it is certain that a considerable proportion will be taken by the middleman. Therefore, while we have the certainty if this amendment is not accepted that we shall lose 125 lakhs of recurring revenue, the resultant relief to the tax-payer will be small. I can assure the House without any hesitation that we shall simply be sacrificing the substance for the shadow. The House has now an opportunity of enabling this important matter to be reconsidered, and I trust that it will accept my amendment.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I have no doubt, the House is aware of the fact that the Assembly by a clear majority of 61 to 56 voted for the reduction of the salt tax from one rupee four annas to one rupee. I would earnestly appeal to this House not to upset that decision but to accept it as the decision of the representatives of the people. The Assembly, you are aware, Sir, is the body which is primarily responsible for the taxation, and the Bill then comes to us (*An Honourable Member*: "No, no, we are equally responsible.") But we are not voting on the grants, we are not considering the Budget in detail—and therefore I would request this House not to upset the decision of the Assembly. Apart from that, Sir, I would state briefly my reasons for not putting it back at Rs. 1-4-0. First of all, salt is a commodity on which no tax ought to be levied. It is not merely the dictum of Professor Fawcett that a man's right to use salt is as much his right as his right to breathe air or to drink water. Nearer home in 1923 Sir Charles Innes speaking on the budget said that the salt tax was theoretically a bad tax and in 1890, Sir John Gorst said in the House of Commons "that the tax on salt was no doubt a tax which ought to be removed and would be removed as soon as it is financially possible to do so." Every Indian publicist of any note has been struggling to get this tax reduced from time to time. The late lamented Professor Gokhale made a heroic effort to get it reduced from Rs. 2-8-0 and we know, Sir, that since 1907 to 1914-15 it remained at Re. 1. In 1914-15 it was raised to Rs. 1-4-0 on account of the exigencies of the war and now we are in the year of grace 1925. We have got over many difficulties created by the war and I respectfully ask the House to go back to the Re. 1 rate which prevailed up to 1914-15. The main argument that was adduced by publicists on former occasions was that the consumption of salt always went down with the increase in the duty and with the decrease in the consumption of salt disease and the death rate increased. Therefore the poor in this country wanted salt at a very much reduced duty. That argument, Sir, bears repetition till the heart of the British Financier melts. I would only quote a few figures to this House and I respectfully beg the attention of this House to those few figures. In the year 1902 when the salt tax stood at Rs. 2-8-0 a maund the consumption was 3·2 crores of maunds. In the years 1903-04 when the salt tax was reduced to Rs. 2 consumption rose to 3·82 crores, in 1903 (that is, by 80

lakhs of maunds) and to 3·97 crores in the next year 1904 (that is by 95 lakhs). In 1906 when the tax was further reduced to Rs. 1-8-0, the consumption rose to 4·11 crores of maunds. Between 1907-1915 when the salt tax was further reduced to Re. 1 the consumption grew from 4·27 to 5·22 crores of maunds. Between 1916 and 1922 when the salt tax was again raised to Rs. 1-4-0 the consumption came down and ranged between 4·41 and 5·1 crores of maunds. In 1914 with the salt tax at Re. 1 the consumption was 5·22 crores of maunds, while in 1921 with the tax at Rs. 1-4-0 the consumption was 4·78 crores of maunds, although the population must have increased in these 7 years. Have not these figures a significance? Sir, it is said by the Financial Secretary that the increase of 4 annas or decrease of 4 annas would not make any material difference in the burden of the poor man. If that were so, may I ask why this decrease and increase in the consumption followed that unerring sequence of cause and effect when the increase or reduction was only 4 annas? I can roughly state the effect, from these figures, of increase by 4 annas has been to reduce consumption by $\frac{3}{4}$ crore or 75 lakhs of maunds and a decrease by 4 annas has increased the consumption by $\frac{3}{4}$ crore or 75 lakhs of maunds. Therefore, if it is such an insignificant thing, why did it decrease? Is there no significance in this? Therefore it is not as if it is very insignificant. Sir, it is said that 4 annas a maund works out to nearly a little more than a pice per seer and the average consumption of salt in this country of an individual is 6 seers, and therefore it will be $\frac{3}{4}$ anna at the most for each man, and therefore it would not be a burden. I beg to submit that it is entirely a wrong view to take of the matter. The average of 6 seers is misleading. In my province it is at least double that. I think in the year 1882 Lord Cromer made certain calculations and found that the consumption varied very widely in various provinces. In my province the people take Kanji and other kinds of things which require salt, and the consumption is 12 seers. If you take that figure and if there are 4 or 5 members in a family and there is only one earning member, then he has got to pay for all the salt required by the family. It has been estimated by statisticians that a man on the average has got to pay 4 days' wages for a year's salt. And if in a family of 5 or 6 there is only one earning member he will have to pay one month's wages to get salt for the whole year. Therefore the question to be looked at economically and financially is, what has he got to pay on the whole with reference to his earning capacity as a whole? That is the question to be looked at. Viewed from that aspect, there is not the slightest doubt that an increase of 4 annas a maund has been too heavy a burden to bear and therefore there was certainly a decreased consumption of salt. That is the position. Therefore this jugglery of simply working out at 1 pice or 6 pice per seer really does not solve this problem.

THE HONOURABLE MR. LALUBHAI SAMALDAS: May I know the basis on which the Honourable Member has based his calculations?

THE HONOURABLE MR. V. RAMADAS PANTULU: I have read the book which gives the cost of salt in various parts of the world. In India it is 4 days, France half a day, Germany 1 day. If my friend wants the book, I will send it to his house. Therefore, Sir, it is not correct to say that because it is 4 annas a maund it works out to a trifle and the burden is not felt by the tax-payer. Then, Sir, even with regard to these 4 annas, when it is worked out in retail, the consumer has got to pay much more in the bargain. When there was an increase in the salt tax in 1922, the retail price of salt reached Rs. 3/4 in Madras, Rs. 3/8 in Bombay, Rs. 4 in Bengal,

[Mr. V. Ramadas Pantulu.]

Rs. 4/5 in Assam and Rs. 5/4 in Burma. Therefore, when it comes to the retail price and the actual cost that the consumer has got to pay, the burden is much more than what is calculated at the rate of 4 annas a maund.

Then, let us see whether this tax is justifiable on its merits. It is estimated that the cost of manufacturing a maund of salt is anything between $1\frac{1}{2}$ annas and 2 annas. Then, why should we levy a tax of Rs. 1/4, which is really a thousand per cent. and sometimes it is levied at Rs. 2/8 which is two thousand per cent.? What justification is there to raise the tax to that extent? Even under this system of monopoly, the necessary amount of salt for the consumption of the people of India is not produced here. A very large quantity is imported from foreign countries like Liverpool and other places, and facilities are not given to private manufacturers to manufacture the salt required for the consumption of the people of this country. I know somewhat to my cost that in Madras in 1921-22 we sent 622 lakhs of maunds to Bengal. In 1922-23 we sent 397 lakhs and in 1923-24 we sent nothing at all. The Madras Government, when giving reasons for the diminution in the export of salt to Bengal, have put it down to the larger import of salt among other reasons. Therefore, I submit that this policy of levying a heavy tax under the system of monopoly, preventing private enterprise, and importing large quantities of foreign salt and thus adversely affecting the health and the happiness of the people of India, who are unable to consume the necessary amount of salt at this enhanced duty, is not justified. I am confident that if the duty is put back at Re. 1 there will be a considerable increase in the consumption of salt and the revenue will not suffer very much. Therefore, I would appeal to the Honourable the Finance Secretary to realise fully the correct financial principle of realising an expanding revenue by encouraging larger consumption by a system of diminished scale of duties.

I will only say just one word more, Sir. I want some relief to be given to the poor, but it is said that 90 lakhs will be lost to the Government of India by this reduction this year and a crore and a quarter from next year onwards. Therefore it cannot be done, and the threat is unless you vote the salt tax provincial contributions will have to go. I submit it is hardly a fair argument to advance; both things must be judged on their merits. (*The Honourable Sir Basil Blackett*: "It is not a threat, Sir, it is a fact".) I know the figures are a fact, I know that; but what I mean is to say that if you vote down the salt tax provincial contributions will have to go is not a statement which ought to be made. The Government must decide on the respective merits of these two things in the best way they choose to do. It is not for us to do that but we can point out that in the Budget as presented to the Assembly and the House we find there are various sources from which provincial contributions can be paid without enhancing the salt tax. There is enough money, as I have already pointed out, in the provision under debt redemption. There is a large amount under Railways of 90 lakhs which is unjustifiable. There is the promised diminution of expenditure of a crore and 82 lakhs under military, and similarly some sums in other items discussed in the Assembly which it is unnecessary for me to go into now. I find there is enough money to pay for provincial contributions without touching the salt tax; and if you cannot do it, it is for you to find ways and means. It is not for you to tell us either leave the provincial contributions alone or tax the poor man's salt. I do not think the alternative is a

reasonable one. And this threat of provincial contributions has been held out both in the Assembly and here, and I hope that Honourable Members in voting upon this question will look at the question of the salt tax on its own merits and how it will affect the poor man and not be guided by other considerations. Other considerations can take care of themselves. When that is carried the advisers of the Government will know what to do. It is not our duty to frame Budgets. It is for the Government to frame Budgets. (*The Honourable Sir Basil Blackett*: "And for you to spoil them.") I have already told you we have no responsibility in the matter and I find to-day that the maxim of redress of grievances before voting of supplies has also not been followed in this House. Therefore I would humbly appeal to this House not to go by other considerations but to take the figures I have given you, that whenever there is a diminution or increase in the salt tax there is a corresponding increase or diminution in the consumption of salt; and the best medical opinion quoted by Mr. Gokhale showed that with a diminution in the consumption of salt there has always been an increase in disease and the death rate. Medical opinion says at least 20 pounds of salt is necessary for a man to be healthy and comfortable. And besides the salt required for man, in my part of the country salt is used for cattle by agriculturists. Therefore I would ask you to vote against the enhancement of the salt tax and adopt the Bill as amended by the Assembly.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-official): Sir, I confess that I was a little out of temper this morning at some of the remarks of my Honourable friend Mr. Ramadas Pantulu; but I must confess equally frankly that I am somewhat amused at his attitude. My Honourable friend is a Swarajist. He comes from the people and he comes here to plead for the people, and I am surprised that even after the announcement of the Honourable Mr. McWatters (and I requested him to repeat it once more) that in the Madras Legislative Council a motion against the reduction has been adopted unanimously, that he should still persist in his course. I would ask my Honourable friend Mr. McWatters to state it again, and I hope my Honourable friend Mr. Ramadas will then put his notes in his pocket and vote for this amendment which I think is a very just one. One of my own grievances, which was justly the grievance of my Honourable friend this morning also, was that the reforms are not advancing because provincial autonomy has not been given. But here we have the information given to us authoritatively by the representative of my province that they are keen about having provincial contributions the absence of remission of which has very greatly obstructed the path of the nation-building departments in the past and which is greatly hampering it now and is likely to obstruct it still further if the present financial situation were continued. I must say, Sir, that I am amused at the attitude of the Honourable Mr. Ramadas. I am hoping that at least when the voting comes he will not press his views.

Last year when the Budget was presented to us, I was one of those who complained bitterly that the salt tax was not reduced to Rs. 1-4 a maund and the provincial contributions were not remitted. This year the Finance Minister has done exactly what was wanted by the people not only here but elsewhere; and I very gladly give him the support which I think he is entitled to. My Honourable friend, Mr. Ramadas, referred to something which took place elsewhere. Let me repeat for his information again what actually happened. I have satisfied myself after looking at the agenda paper of the Legislative Assembly that the Honourable Member there who

[Mr. G. A. Natesan.]

moved for the reduction of the salt tax from Rs. 1-4 to Rs. 1 had another amendment to put a higher duty on imported salt to counterbalance the reduction; and it was his object, as he himself declared not only there but elsewhere, that we should get a remission of this provincial contribution at any cost; and the Honourable Member who moved this unfortunate amendment that has caused all this trouble was careful to state, not once, not twice, but many times that he was one of those who were keen on provincial remission. If we now interfere with this the surplus of Rs. 2½ crores will have to be lessened; and in the usual course according to the Devolution Rules the province of Madras—I speak for that province only—would get a reduced share, instead of getting the 126 lakhs that she will now get.

Now, Sir, this is not a question of politics; it is not a question of economics even. As a humble business man I would ask my Honourable friend, Mr. Ramadas and others who are likely to take his view, to consider this as a plain business proposition. And here I may state at once that when I talk of Madras it applies to all provinces which have been oppressed, which are being oppressed and perhaps will continue to be oppressed till the Honourable Finance Member removes these provincial contributions altogether. Here is a proposal made by the Finance Minister during the course of the Finance Bill to give Madras 125 lakhs; and my Honourable friend, Mr. Ramadas says: "No; reduce salt duty by four annas per maund." What would that lead to? It would result in a reduction of the total remission by 90 lakhs and alternately by 125 lakhs which probably would be distributed among all the provinces and the loss to my province will be at least 60 lakhs. I have taken some pains to work out the figures and I take it even after making all allowances for grievances about reserved and non-reserved, though I think there is a proper time and a proper place for making fair use of these arguments—making these allowances, I say, that there will be a difference of at least 60 lakhs. Here you have the representative of the Madras Presidency preventing the presidency from getting this 125 lakhs for this alleged increase of salt duty by four annas. Even granting that a great deal of this 125 lakhs is not to be used as he wants, I would ask my Honourable friend, Mr. Ramadas and others to remember that the amount which will be available for some good purposes would be considerably more than 50 lakhs. He knows full well as I know and as every body else who comes from my province knows, that not only have new schools not been started, but some institutions have had to be closed. Many institutions which had branches which were doing useful work were denied grants by Government; there are still schools and institutions in the Madras Presidency which have been denied building grants. There are still villages without schools, there are still villages, many important villages with a considerable number of inhabitants, which have no hospitals. There is the Irrigation Department being constantly reminded of its ordinary obligations to the ryot and the landlord. There are many things, sanitary, educational, medical and otherwise which have not had funds. Now, will any one who really feels for the people of this country commit this very unfortunate, this very lamentable mistake of refusing 125 lakhs and be content with only 50 lakhs which will be distributed? I cannot for a moment think of this, and I may state that it is not after the receipt of this telegram, the announcement of which has been made, but ever since the budget statement has been presented here and elsewhere, I have

been persuading my friends from Madras not to make this mistake, and I deeply regret that in the Assembly, owing to some misconception of what the implication of this voting would be, this mistake has been made. I now look forward to the fact that,—apart from the fact that this House will, as I am sure, stand by this,—when this Bill goes back to the other House, those Members who have realised the implications of this, will set this right, and thus relieve not only Madras but other provinces as well, as they have for too long borne this unfortunate burden, and enable them to pursue the task which I think under the reformed Government we are entitled to pursue. It is well known, Sir, that most of the Ministers in the provinces have complained that among the many causes which have contributed, barring in some cases, to the failure of dyarchy, or in other cases where they have not been able to work it happily, the chief obstacle among other things has been the want of finances, and if my friend Mr. Ramadas, who represents Madras, and other Members who are elected, now take upon themselves the responsibility, despite the news given to us, despite the warning that the Madras Legislative Council as a body objects to this. I really should be surprised at the end of this debate he should still persist in his view.

May I also point out that a reference was made to the late Mr. Gokhale. There is no more honoured name in Indian politics than that of Mr. Gokhale, and he had more than once said that he would be quite content if the duty on salt was fixed at Rs. 1-4-0. May I also remind the House that Rs. 1-4-0 per maund was the basis of the Meston Settlement. We are now anxious to re-open the whole question, and so why should you add to our difficulties.

I shall give the House one more warning from experience which I have had as a non-official associated with certain administrative bodies. Only the other day the Finance Minister to the Government of Madras said that he had a deficit of 88 lakhs. This contribution of 125 lakhs enables him not only to cover the deficit, and I know as I have read in newspapers, that out of the surplus which he will have he has budgeted already for education, sanitation and for many other nation-building departments, and so I consider it is not only a mistake but a great crime now to ask him to go back on his Budget and deprive these institutions of the money which we are going to get. Of course, there is many a slip between the cup and the lip. But let me remind Honourable Members, it is entirely the result of an accident, and it is not due to the deliberate action of any individual or individuals who, representing the people and pleading for the people, should be inflicting a very disastrous result on the province which they are representing here. May I also point out that if 125 lakhs is not given to them, what happens invariably is that in the Legislative Council in a province somebody gets up and proposes a retrenchment, and I say to my sorrow that the result of the retrenchment committee has always been that the poor have been thrown out of their jobs. The retrenchment committees cannot touch the high officials, they cannot touch the Civil Service; they are hardly able to come down even to the clerks who draw Rs. 100 or Rs. 150, some of whom are able to go round and canvas people. Invariably this retrenchment has resulted in many cases of actual proposals for reduction in some small clerks or peons being thrown out. Now, I ask my Honourable friend Mr. Ramadas and others to take the situation like this. If you are not able to give them this grant and their reply is that they must cut their coat according to their cloth, the inevitable result will be that they will be compelled to have retrenchment and the retrenchment

[Mr. G. A. Natesan.]

generally is visited on the poorest of the poor, the peons and the clerks. Is this a happy state of things—a consummation which the people who are pleading for the poor would like? Sir, I do not wish to take the time of the House. Nobody dislikes the salt tax as much as I do. I have said so not once, not twice, but several times, and I have said so loudly. But notwithstanding the fact that the Demands have been voted, and when a small thing like 4 annas is likely to affect very seriously the prosperous and perhaps the useful career not only of the province to which I belong but of other provinces as well, where the relief will be very greatly appreciated, I feel that I shall be wanting in my duty if I do not support the amendment just moved. It seems to me that there is only one path open to us and it is clearly the path of duty, the path of honour and the path of dignity also.

*THE HONOURABLE MR. YAMIN KHAN (United Provinces West: Muhammadan): Sir, it is very easy to apply theories to facts which do not exist. My Honourable friend Mr. Ramadas has tried his best to apply his theories without studying the actual life of the poor people. I daresay he has been very honest in his endeavours but he has been ignoring a great deal which he ought to have studied before speaking on the lines on which he has spoken. We all know how a poor man purchases his daily necessities of life. A poor man goes into the market; he pays up only a pice and he purchases pepper, salt and all kinds of things for one pice in the day. But he does not care whether he gets correct weight or whether the weight is less than what he is actually entitled to get. The whole profit goes into the pockets of the middleman, the dealer who deals with these retail shops. When my friend says and calculates his figures by saying it would be something like 6 seers in the whole year and that it would cost a poor man say about three annas and a whole family about twelve annas and then when he goes on calculating on this basis for his grand-children also, I think he is absolutely forgetting that this will never happen. Whether the salt duty remains at one rupee or whether it remains at Rs. 1-4, it will make no difference to the actual consumer. If my friend is very anxious to put the four annas into the pockets of the middleman, well he should vote for it; and the whole Council should be willing to vote with him if they also see their way to benefiting the middleman. He is fighting for the consumer. When the consumer will not benefit, then it is ridiculous to take away the great relief which this little increase is bringing to the provinces. The money would be much better utilised in the provinces for giving relief towards education, sanitation and other improvements in the provinces. But my friend's idea and his whole point is to ignore what this duty will bring towards improvement in the provinces but simply to talk just on the popular lines and to appeal to the gallery that only the poor man is going to suffer and do not trouble him more. This is the constant view, this is the constant thing, which we hear from certain popular factions, without giving a minute's thought to the real facts and to the thing that they are talking about. If this House really intends to benefit the poor man and is desirous of curtailing

3 P.M. Rs. 90 lakhs from the provinces, let it so plainly and frankly. It is a petty relief which will neither be felt by the poor man nor will it bring him any substantial relief in his finances. If my Honourable friend wants to sweep away the whole of the surplus of 3 crores let him move an amendment that instead of its being one rupee, the salt duty

*Speech not corrected by the Honourable Member.

should be removed altogether, and that will take away the 3 crores altogether. That would have given a little bit of relief to the poor man. But I find that my friend is not very anxious to move such an amendment, which might bring some relief to the poor man and take away a greater relief from the provinces. This is a petty relief. 4 annas on one maund, even if he calculates in the way he does, would come to about less than half a pice per seer. I doubt the figure quoted by the Honourable Mr. McWatters that six seers are consumed by one person. That may be when you take into account cattle and salt for other purposes. But one man certainly does not consume so much as six seers. It may be consumption per head including cattle. May I ask my Honourable friend, how many poor people keep cattle or horses or such other kind of animals for which salt is mostly needed? The poor man and his family consume a very little amount of salt. These figures that he has worked out will never apply to the poor man or the labourer. Mostly they fall on the agriculturists. As has been pointed out by my Honourable friend Nawab Sir Umar Hayat Khan, if the agriculturists do not pay in this shape, they will have to pay an indirect tax in other shapes, which will be felt more acutely rather than this indirect tax. As I have explained, this will bring no relief to the poor man and the whole of the money will go into the pockets of the middleman. I think, Sir, that the amendment moved by the Honourable Mr. McWatters should be supported by the whole House, and with these few words I give my hearty support to it.

THE HONOURABLE MR. R. P. KARANDIKAR (Bombay: Non-Muhammadan): Sir, I rise to oppose the amendment to enhance the duty from one rupee to Rs. 1-4-0. It is not surprising that the Honourable Members of this House should speak in such a patronising tone about the poor of the country and describe to themselves the figure of the poor man and the conditions that apply to him. They also make arithmetical calculations about him and say that four annas per maund will only mean half a pice of tax on the poor man and that ought not to matter much. It is consistent with the dignity of this House and generally the tone that is adopted towards questions affecting the poor. It is only surprising that the tone is not a little higher than that. Why not in more audible terms convict those who like myself and my Honourable friend, Mr. Ramadas, are in favour of reducing the salt duty from Rs. 1-4-0 to Re. 1. For the information of this Honourable House, Sir, I will say this much that those who advocate a reduction in salt duty are in better company and are not joking. They have shown by instance after instance that in the case of the salt duty, which is the only reserve for Government in any difficulty and which every living soul in India has to pay, the greatest care is needed in fixing the rate of taxation on a commodity which every living soul needs. Ever since 1888—I will not carry the House back before that—from 1888 to 1903 the duty was Rs. 2-8-0. In 1903 it was reduced to Rs. 2. Would it be advanced in argument that those who went in for a reduction of annas eight were unmindful of the relief that would be afforded to agriculturists and labourers and were playing with the House in which they were fighting like anything? Take another case. Two years after in 1905 the tax was reduced to Rs. 1-8-0. Again the same argument about a pice or half a pice—what does it matter to those people who wanted reduction in the tax? Take another instance. Within about two years, in 1907, the tax was reduced to one rupee. And the same argument would apply that those who advocated it were joking with the Council merely for the purpose of elocution and cheap popularity. Then for eight long years the tax continued at one rupee. It is only under sheer stress of

[Mr. R. P. Karandikar.]

circumstances that the tax can be increased. I cannot yield to the proposition that because it inflicts about three-fifth of an anna more on the poor man therefore it is bearable. It is a most vicious doctrine that can be raised by a House like this. In 1916 the tax was raised to Rs. 1-4-0 under stress of circumstances. If a difference of four annas made nothing were Government joking with the people when they wanted to have a large amount knowing that everybody would pay it? I refuse to believe the proposition urged that the news of the reduction of the salt duty does not reach the farthest corner in the land and that it is not known to the agriculturist and the labourer that the salt tax has been reduced? Do you believe that when any seditious writing is proclaimed it reaches the farthest end of the land? It would be idle to suggest that directly this House passes a Resolution that the tax be reduced from Rs. 1-4-0 to one rupee, the consumer may not know it and that the middlemen will pocket it and not extend what is due to the consumer. I really find that four annas in a maund means 125 lakhs altogether, I am speaking under correction, and that is exactly the amount which was reserved last time for the increase in the pay of those in whose favour recommendations were launched by the Lee Commission. (A Voice: "That is not in the Central Government. It is in all provinces.") I am not going to refute the arguments of the other side. I am trying to place my own views because this matter has two sides. You find a divergence between the two Houses, one speaking for the poor people and the other also speaking in the interest of the poor people. That is the difference. I asked in September last this House to consider from whose pocket the 125 lakhs that were needed for the purpose of meeting the demands made by the Lee Commission recommendations, recommendations which have come to be properly designated, some people may not like the expression, the Lee loot were to be paid. How is that going to be made up if this tax of four annas is not added on now.

THE HONOURABLE SIR BASIL BLACKETT: It is a charge on Provincial Governments mainly.

THE HONOURABLE MR. R. P. KARANDIKAR: I am glad that the Honourable Sir Basil Blackett has referred to this. Coming from Bombay, if I do not voice this sentiment here, I should have been taxed as coming from a locality which has not got any concession whatsoever and was smarting under that sense, while other presidencies have got something.

THE HONOURABLE MR. LALUBHAI SAMALDAS: We have got 22 lakhs.

THE HONOURABLE MR. R. P. KARANDIKAR: I know that Bombay has got 22 lakhs. It is because of that that I warn my Honourable friends from Bombay not to be hoodwinked. 22 lakhs have been assigned to Bombay. That exactly represents the portion that would fall upon the Bombay Government in respect of the increment that is due to officers concerned who may get an increase in pay under the Lee Commission recommendations. The Bombay Government would say that this is the business of the Central Government and the Secretary of State to pay these high paid officers and why should we be taxed to the extent of 22 lakhs?

THE HONOURABLE SIR BASIL BLACKETT: May I ask where that figure comes from? It disagrees with anything that I have got.

THE HONOURABLE MR. R. P. KARANDIKAR: I speak subject to correction. I am quite open to correction. Instead of asking me a question it would be better if the Government Benches were to supply me with information.

THE HONOURABLE SIR BASIL BLACKETT: I gave those figures last September.

THE HONOURABLE MR. R. P. KARANDIKAR: However, what I would point out to my learned friend Mr. Natesan (*The Honourable Mr. G. A. Natesan*: "I do not think he is far wrong with that figure".) Very well, then assuming for a moment that I am wrong in the figures that I have given, my position is this, that the Local Government cannot be taxed for any increase in pay of officers regarding whom recommendations have been made by the Lee Commission. Consequently, it behoves this Central Government to go to their rescue and to give the Bombay Government what perhaps they want and what they deserve. But whether that is so or not, I would ask this House to consider and not be led away by the theory that it is only an infinitesimal portion of the budget of a poor man that is being attacked and that the poor man ultimately does not feel it. I will just quote figures which perhaps were wanted by the Honourable Mr. Lalubhai Samaldas when my friend Mr. Ramadas spoke about the incidence of taxation. Those figures Honourable Members will find at pages 170-171 of the Imperial Legislative Council proceedings dated 27th March, 1908, where the incidence of taxation and the annual income per head of the various nations are grouped together. India is also mentioned. For instance, France where the income was calculated at £25 has only half a day's income devoted to salt; Germany £18, one day's income; Italy £12, four days' income; Austria £16, a day and a half's income; the Netherlands £26, half a day's income. And what of India? The Member who was quoting these figures quoted the authority of no less a person than Lord Curzon, regarding whose health to-day we are all anxious. Well, I am sorry here to make any remarks about that great soul who is so often quoted. In India £2 per head annually.

THE HONOURABLE SIR BASIL BLACKETT: That was 20 years ago.

THE HONOURABLE MR. R. P. KARANDIKAR: Quite so. The value of the rupee has increased and expenditure has also increased proportionately. £2 per annum. Those are not my figures; they were quoted in the Imperial Legislative Council, quoted from Lord Curzon's estimate. And then in spite of such a low figure of income the consumer had two days' income devoted to this salt duty. Now, just look at that. That is the figure which you will find at pages 170-171 of the proceedings of the year 1908. And people have been striving to bring down the salt tax to the lowest possible level. Why, because it may stand in need. What is the dire necessity now to bring it up to one rupee four annas when the other House has decided, rightly or wrongly, to lower it to one rupee. While speaking with reference to this question in the other House my Honourable friend Mr. Natesan said that they had shouted very loud in respect of the salt tax; but I never heard a louder voice than what I heard this morning. Even now I say I cannot expect him to speak much louder than what he has done. He is loud in his denunciation but why is he not pushing on his denunciation to the logical end if the situation is improved by what he considers to be the right course?

THE HONOURABLE MR. G. A. NATESAN: May I explain? I have said three times last year in the course of my budget speech—I read it this morning—it was three times—that it should be reduced to Rs. 1/4. It has been so reduced, and I am quite content.

THE HONOURABLE MR. R. P. KARANDIKAR: I am glad the Honourable Mr. Natesan has got what he wanted. But the people are not satisfied. However, the position is this. The point is, when any reduction of taxation is to be pushed forward, whether it is to be independently considered or relatively considered. I consider now that the attitude taken up by some friends is that they relatively consider it in opposition to the remission of the provincial contributions. This tantalising contribution last year also was in the way of some persons coming to the right conclusion for one whole year. But while their restraint was operating, another class of expenditure was marching, and that was the recommendations of the Lee Commission. While therefore last year these contributions have been continued for the purpose of making both ends meet and that was quite right,—nobody complains—now it is said that the time has come when, if the tax is not made Rs. 1/4, all the remissions of contributions will go. Honourable Members will please consider that it is not so much a question as between two Departments or two comforts or two conveniences—for instance, sanitation and education on the one hand by means of concessions to the provinces as against the relief that is to go to the poor people by way of a reduction of the salt duty. This is in fact a contest between the higher pay which is given to gentlemen who are already in possession of large salaries and relief to the poor people, and that money is to be contributed by the poor people bearing this extra four annas. We have to visualize to ourselves these conditions. It is urged that the contributions given by the provinces to the Government of India eat away much of what would be otherwise left to the provinces for the purpose of improving sanitation and education. In order to remit these contributions poor people, who should be considered to be really the staying power of the country, have to pay a high taxation for their salt, rather than that economies should be effected in the Budget. Now who are these poor people? My Honourable friend over there said, who are these poor people? I can quote merely what was said some years ago. Lord Curzon in 1905, speaking generally, said what is the tax which touches all classes down to the humblest? And he answered, it is the salt tax. His Lordship observed further:

“And who are the people of whom I speak? They are the patient, humble millions toiling at the well and the plough, knowing little of the Budget but very painfully aware of the narrow margin between sufficiency and indigence. It is to them that my heart goes out.”

Will not the heart of Members here also go out to these people? They are the real backbone of our economic prosperity. They give us nearly 20 million sterling per annum in land revenue alone, or about one-fourth of our entire receipts. But their taxation does not stop here. His Lordship was told that among those things that accounted for a heavy burden on the poor people could be safely classed the customs, stamps, railways—who pay the third class railway fares? It was once said here that comparatively the third class fare is very very low. But remember the income of the man and then talk of the expenditure. What was the income of the man 30 years ago and what is it now? Has it increased to Rs. 100? Is that the latest development? (An Honourable Member: “72”.) In these

men's case, Honourable Members will remember that this House is to stretch out their hands in sympathy, at least not to withdraw from them what has been given to them by their real representatives, popular representatives.

THE HONOURABLE MR. LALUBHAI SAMALDAS: Are we not representatives?

THE HONOURABLE MR. R. P. KARANDIKAR: You are magnified representatives.

THE HONOURABLE MR. G. A. NATESAN: What are you here?

THE HONOURABLE MR. R. P. KARANDIKAR: I am nobody here. I will proceed further. I will say this. When the franchise is increased from Rs. 48 annual assessment on land, the qualifications of electors to other Houses, to Rs. 2,000 per annum, for this House whom does this House represent? It represents all those who pay Rs. 2,000, the rich of the country.

THE HONOURABLE MR. G. A. NATESAN: Then you should become poor.

THE HONOURABLE MR. R. P. KARANDIKAR: I am poor. By accident I am here. I have heard magnificent speeches made in favour of the poor people. As I said, it is an accident that I am here. I watch these poor people and I have moved among these people and realised that the budget is the real budget that was put forth in those days. My submission is that this House will be pleased to consider that it is ignoring the real situation when it is said that it is only a flimsy addition; imperceptible to the poor consumer because if that argument is pushed to the extreme, even if His Excellency the Viceroy is pleased to raise it to the utmost limit available, Rs. 3, what does it matter? It might come to Re. 0-1-6. That is nothing to us here, sitting as we do in this atmosphere. But I really think that this is a tax which should be avoided, even the smallest tax should be avoided. I am certainly indebted to Sir Basil Blackett when in the other House he very lucidly pointed out the two functions on such an occasion. I really admire the lucidity with which the whole position was explained to the House and I wish every one of us to remember what the Honourable Sir Basil Blackett said:

"The function of the House (*he meant the other House*)—in dealing with the Budget was two-fold, namely, to vote for supplies and to vote for ways and means. That was the constitutional position in the House of Commons. In the Commons, however, ways and means were voted first. The Finance Bill was passed first, and after that, week by week, supplies were voted and were made the occasion for criticism and a general review of policy."

I wish that had been done. The situation must be explained. If the Bill was passed first and then supplies were voted, we will be in a position to say how much is necessary for what purpose. We are told that if we interfered in the smallest degree with Rs. 1-4-0, there would be great danger to all the contributions to the provinces. My friend the Honourable Mr. Natesan made a very pertinent inquiry while the Honourable Mr. Ramadas was arguing the matter and he pointedly asked, having known it himself, in what way the Madras Council determined the question, as if quoting an authority for the purpose of showing that if we interfered with this, there would be similar Resolutions passed by other local Councils. My contention is that there must be some limit. We cannot go on adding taxation after taxation. We cannot go on increasing the expenditure. There is a limit of

[Mr. R. P. Karandikar.]

taxation. If there is to be a reserve, let it appear as a reserve. You cannot say that 4 annas has no value. I therefore appeal to this House not to be carried away by the exigencies of the situation created by the remission of provincial contributions and stick to the proposition. They may do it relatively or they may do it independently of the reduction. Talking independently, the reduction to Re. 1 must commend itself to this House. Talking relatively, of course you have to choose between these two things—whether you will continue the present taxation on the poor people which is not likely to be reduced so long as the higher expenditure due to the “Lee” increments is there. I, for one, would appeal to you to let it stand at Re. 1 at which it was between 1907 and 1916, when it had to be increased to Rs. 1/4 owing to the stress of circumstances.

Before concluding, I should like to say that I shall gratefully acknowledge the correction with reference to the figures if I have quoted them wrongly. My argument, however, remains the same.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, I am quite ready to agree with the Honourable Mr. Karandikar that his argument is entirely independent of the correctness of his figures. I do not think, if I may use again his own words, that he was treating the House fairly in standing up here and posing as the representative of the poor man, or standing up here and founding arguments on figures 20 years old in regard to the relative weight per head of the salt tax in Italy, France and this country and so on. I am afraid that some of his figures,—though I do not know where he got them from,—do not bear scrutiny. The only figure that I know of as to the cost of the Lee Commission's recommendations to the Bombay Government, is the estimate that I gave in another place on the 12th September last of the probable maximum cost in the first year. The figure for Bombay was 9.7 lakhs and not 22 lakhs as given by him. I do not know what the correct figure actually may be, but I should not think it can be much bigger than that, particularly having regard to the fact that it was based on 1s. 4d. exchange and the exchange now is 1s. 6d. I do not think that the Honourable Member has any right to come here and pose as the representative of the poor man. Most of his argument was founded on the point that if each time you reduce the salt tax you point out that it is so infinitesimal that it would hardly help the poor man, you would have no good reason for reducing it. But he realised towards the end of his speech that you have to consider the thing in relation to other things. On the occasions of the reduction of the salt tax to which he referred, the Government of India had a budget which showed a surplus and they were in a position to relieve taxation. The question was—what taxation should they relieve? They decided to relieve the salt tax. This year we are in a position of having a surplus in the Central Government's Budget but there is a large amount of provincial contributions still outstanding, and I have more than once expressed the view that you cannot strictly say you have a surplus till you have got rid of provincial contributions. Your choice is not between relieving one set of tax-payers and relieving another set of tax-payers. Your choice is and must be between reducing some item of central taxation or giving relief to the Provinces. And be it remembered that the Government of India are strictly pledged to give priority to the claim of the Provinces. It is therefore very germane to remember that the salt tax at Rs. 1/4 is at the same figure at which it stood at the time when

the reforms were introduced. At Re. 1 it is being lowered below the level it was at when the reforms were introduced. So that you are definitely giving priority to the reduction of the salt tax over the reduction of the provincial contributions if you do that. The argument was not quite the same last year because the tax was being reduced from a higher level to the level at which it stood when the reforms were introduced. This year the position is not the same.

As regards the claim to help the poor man by relieving him in the matter of the salt tax, I ask the Honourable Member and I ask this House how you are going to help the poor man most? You say he is in a state of very great poverty. I do not think anybody in this House is without great sympathy with the obvious poverty of masses of people in India. What is the reason? At any rate one of the big reasons for that poverty is the absence of education, the absence of sanitation, the absence of measures for combating such diseases as malaria and *kala azar*. How are you going to combat them without money and who is going to combat them? It is the Provincial Governments who will have to do that, and surely far and away the best way in which you can relieve poverty and assist the next generation of Indians to escape some of the poverty is to give them opportunities for a better life by spending money in giving those opportunities. I claim that it is the people who are supporting a slightly higher level of salt tax who are thinking most truly of the real interests of the poor man, not the people who come here and in the same breath—this I am afraid applies to others besides my Honourable friend Mr. Karandikar—who argue that the salt tax is a thoroughly bad tax, a doctrine to which I refuse to subscribe, and that the import duty on imported salt should be raised to Rs. 2. How do they manage to hold both views? If you raise the import duty to Rs. 2, for a large number of people in Bengal you are putting up the price of salt very materially. You begin by almost doubling it. It would gradually come down as the imports fell off; but of course any receipts of the Government of India would fall off correspondingly as salt from elsewhere managed to get conveyed to the remoter parts of Bengal and Assam; but it would always remain very much higher because the salt would have to be carried over great lengths of railway or by other means of transportation at very considerable expense, and the proposal to increase the import duty on salt, besides being one which you would have to consider and introduce with very great care after having prepared yourselves with a stock of indigenous salt with which to meet the needs of the market which is being cut off from abroad, is one that would have to be examined with enormous care to see that you are not seriously endangering a large portion of Bengal in the matter of price of salt and whether you are not going contrary to all the laws of nature in trying to prop up unnecessarily an inferior industry: because it is a question largely of the difficulties of making good salt in the waters of Bengal and Orissa where good salt—and the same applies to Burma,—where it is extremely difficult to make good salt owing to the climate and the muddiness of the water. I say that the House has really got to consider one point, and one point alone in this matter. This question has to be considered in its proper relation. Is it more to the interest of India to reduce the salt duty from Rs. 1-4 to Re. 1 or to relieve provincial contributions? A good many figures have been given in regard to various items which purport to prove that the consumption of salt goes up with a lower tax. I have studied all the statistics I could get for the last thirty years, and I have found no evidence to prove

[Sir Basil Blackett.]

that assertion. There is quite clearly a tendency for a slow increase in the consumption per head of salt in India. That is one thing you can find from the statistics. The only other thing that you can deduce from the statistics is that the traders in salt are clever enough always to get wind of the fact that a rise or reduction in the rate of duty of salt is under consideration or is likely to be under consideration and they proceed to increase their stocks just before the date on which the rise comes off or to let their stocks run low if they think a fall is likely to take place. If you take the figures for 1922-23, the average issues of salt for each month are something under 4,000 maunds a month. In January 1923 the issues were 5,400 maunds and in February they were 7,400; you have over three months' issues in those two months; and the rate of duty went up on March 1st. That is characteristic of what happens every time. Beyond that, I have studied those statistics with the greatest care and the only other conclusion, as I said, is that there is a regular tendency for a slight increase in the consumption of salt per head for the last half-century.

We come back to the point, that is the only point at issue; are we to prefer reduction of salt duty to a reduction of the amount available for the relief of the provinces? I do not propose to spend time in arguing that, that is the alternative. It has been suggested that we should not accept the vote of the Assembly in regard to the provision for reduction or avoidance of debt, but should ourselves raid the sinking fund in order to finance this particular reduction of duty. I remember, Sir, that exactly the same source has been earmarked for the reduction of the cotton excise duty. Apart from the fact that the Government of India could not with equanimity view a raid on the sinking fund in the present circumstances without feeling that a very vital interest of India was being jeopardised by any such action, the House must remember that that sum has been voted by the Assembly and that the rest of the estimates have been voted by the Assembly so far as they are votable, and they must take it, I am afraid, from the Executive Government that this recurring loss of 125 lakhs which is involved in the reduction of the salt duty from Rs. 1-4 to Re. 1 can be met only from a recurring reduction in the amount available for the relief of the provinces and that if the figure remains at Re. 1 it will be so met.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: I move, Sir, that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 2 stand part of the Bill."

Since which an amendment has been moved:

"That in sub-clause (1) of clause 2 for the words 'one-rupee' the words 'one rupee and four annas' be substituted."

The question is that that amendment be made.

The Council divided:

AYES—35.

Abbott, Mr. E. R.
Aftab Ahmad Khan, Sahibzada.
Akbar Khan, Major Nawab Muhammad.
Aman Ali, Khan Sahib.
Barua, Mr. C.
Bell, Mr. J. W. A.
Berthoud, Mr. E. H.
Chadwick, Mr. D. T.
Crerar, Mr. J.
Dawn, Mr. W. A. W.
Dutt, Mr. P. C.
Froom, Sir Arthur.
Harnam Singh, Raja Sir.
Khaparde, Mr. G. S.
Lalubhai Samaldas, Mr.
Ley, Mr. A. H.
MacWatt, Major-General Sir Robert.

McWatters, Mr. A. C.
Misra, Pandit S. B.
Mitter, Mr. K. N.
Muhammad Habibullah, Sir.
Naidu, Mr. V. R.
Natesan, Mr. G. A.
Patterson, Lieut.-Col. S. B. A.
Ram Saran Das, Mr.
Ray, Raja P. N.
Raza Ali, Mr.
Sarma, Sir Narasimha.
Singh, Mr. Charanjit.
Sinha, Mr. Sukhbir.
Tek Chand, Mr.
Umar Hayat Khan, Col. Nawab Sir.
Wild, Mr. A. C.
Yamin Khan, Mr.
Zahir ud-din, Mr.

NOES—4.

Ayyangar, Mr. K. V. R.
Karandikar, Mr. R. P.

Ramadas Pantulu, Mr. V.
Vedamurti Mr. S.

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clauses 3, 4, 5, 6 and 7 were added to the Bill.

Schedule I was added to the Bill.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I beg to move:

"That in Schedule II to the Bill for the entries under the head 'Postcards' the following be substituted, namely:

'Single	...	...	...	...	Quarter of an anna,
Replv	...	...	...	...	Half an anna'."

I am confining my amendment only to postcards—I am not touching the cover—because I feel that the poor man is not hit by the postal envelope to the same extent as he is hit by the postcard. A cheap postcard is one of the few amenities of a poor man in this country. The House is aware that until the year 1922 we had a quarter anna postage. The postal rate on postcards and covers was raised in that year. As a consequence of that there is a diminished use of the postcard in this country. The postcard has of late been becoming gradually and increasingly popular. I have got a few figures to show that every year there has been a steady increase in the use of the postcard. In the year 1916-17, 509,860,270 cards were used. In the next year 1917-18, 531,629,566 were used. So that there was an increase of 22 millions over the previous year. In 1918-19, 565,131,610 were used, showing an increase of 34 millions again. In 1919-20, the number of postcards used was 605,790,630, an increase of 40 millions. In 1920-21 the number used was 630,401,432, an increase of 25 millions. In 1921-22, the number used was 648,470,932, an increase of 18 millions again. In 1922-23, when the rate was increased, it remained stationary at 648 millions notwithstanding the fact that during a part of the year, the lower postage was in vogue and there must have been some increase in that part of the year. Therefore, Sir, to my mind, the conclusion is irresistible that as soon as the postal rate on the card was raised, people began to use it much less than before. It ceased to be increasingly popular as before. I think it is not right to deprive this benefit of a cheap postcard to the poor man. Therefore, I am in favour of a reduction, and I earnestly appeal to this House to vote for the reduction.

[Mr. V. Ramadas Pantulu.]

In doing so, I shall only deal with three or four arguments which are generally advanced against the reduction. The first argument that is generally advanced is that the postcard was introduced in the early eighties and during the last 40 years the price of every article of consumption has gone up and is it not right to ask the man who uses the postcard to pay a little more, just as he is paying for the other articles of consumption? There is a very patent fallacy in this argument. It is true that the cost of living has gone up, but may I ask the Honourable Members to say whether the earning capacity and the average income of every man in India has also increased proportionately? If that is not so, the man must be considered to be poorer than he was 40 years ago. If you take the additional cost of living coupled with the fact that there has not been a proportionate increase in our income or our earning capacity, any additional burden by way of taxation is bound to become more heavy. Therefore, I think this argument is a fallacious one, and economically an unsound one. There is nothing in it.

The second argument that is advanced is that there is a loud cry in the Postal Department for enhancement of the pay and pensions of the subordinate services, it is a crying evil, and where is the money to come from unless the postage is enhanced? This argument, Sir, requires some scrutiny. I am not sure whether it is necessary to increase the postage in order to redress the grievances of the subordinate staff. I have also heard the cry in many quarters that this is a top-heavy department with a number of redundant supervising officers at the top, and that if there is retrenchment at the top, there can be strengthening at the bottom without taxing the general consumer of the postcards. I do not know how far these facts are correct. They have not yet been investigated, and we are not told how far retrenchment at the top will be available and how far it will go to ameliorate the condition of the subordinate staff. I have read a great deal of discussion in the newspapers about this matter and therefore I am not at present disposed to place any reliance upon this argument until ways and means are found to retrench the top-heavy department and to strengthen the subordinate service.

The next argument that is advanced is that the Post and Telegraph Department ought to be self-supporting and it will not do to ask the general tax-payer to pay a portion of the revenues derived from general taxation for the upkeep of the Postal Department. This again is an argument which requires a great deal of investigation. In the first place, the Postal Department discharges many other duties besides serving the purely postal needs of the people of this country. There are very many other services which are rendered by the Post Office to the general tax-payer. To quote only a few. The savings bank, cash certificates, postal insurance funds, Army mobilisation stores, collection of customs and duties discharged by the post offices in respect of Native States—these are not the legitimate functions of the Postal Department. I know that an attempt has been made to commercialise the postal accounts, and as a result of that process I find that for the current year a sum of Rs. 24 lakhs has been credited for some of the services. It is further admitted that there is a possibility of credits being obtained under various other heads. I am told that the accounts at present given are not quite so satisfactory because the postal and the telegraph accounts are not separated, and under the head of combined offices we really do not know what surplus there will

be under the Postal Department. I am told that we can get about Rs. 60 lakhs if accounts are properly made up. I am told that if accounts are properly made up we will have a surplus of Rs. 126 lakhs and not merely Rs. 20 or 25 lakhs. Therefore these are matters which require further investigation and we have not got sufficient data to go by and cannot accept the argument about the general tax-payer being charged for these services. The Postal Department renders several services to various other departments of the administration, and unless the accounts of the Postal Department and the Telegraph Department are commercialised to a proper degree and they are also separated and sufficient data are placed before the Council, we cannot accept that argument.

Finally, there is the argument that the postcard in India is about the cheapest and that in England it is much more costly and so on. This kind of comparison is very misleading. I know that in England a single postcard costs a penny and a quarter, but various facilities are given when cards are purchased in numbers. 2 cards when purchased at a time cost 2½d. 5 cards 5½d. and 11 cards 1s. One reply card costs 2½d. 4 reply cards 8½d., and 11 reply cards 2s. Again cards in England do not appear to be so popular as letters, for in 1922-23, 475 million cards only were used as against 648 millions in India. But my main answer to this objection is this. It is a fallacious comparison. We must compare the capacity of the average Indian to pay for a higher postage with that of the Englishman to pay for his postage. An Englishman's average income per day is 3½d. I am told. I saw that in some statistics and I speak subject to correction by the Honourable the Finance Member. I believe in India the average daily income is estimated by official statistics at 3 annas per day. Therefore by laying out the income of a day an Indian can purchase no more than 6 postcards at half an anna per card, while the income of a day of an Englishman can purchase no less than 30 postcards. Therefore the argument based on the postcard in India being cheaper than in England is misleading. It must be based on the capacity of the Indian to pay a higher postage. I think that it is one of those benefits which the poor man will appreciate very greatly and the fact that the use of the postcard has gone down immediately the rate was doubled in 1922 is a certain indication that the amenities of the Post Office are lost to the poor man by the increased rate. I therefore appeal to this House to go back to the rate of 1922 and not to give weight to those arguments advanced by Government unless they are substantiated by better materials than we have at present in the accounts furnished by the Government. With these words I beg to propose my amendment.

THE HONOURABLE MR. A. H. LEY (Secretary: Department of Industries and Labour): Sir, I imagine that there are few people in this Council who will not sympathise with the idea underlying my Honourable friend's motion, that is to say, to have as cheap postal rates as possible in this country. It is obviously in the interests of trade. It is obviously in the interests of the poorest classes in this country, and I for one fully sympathise with that idea. I always look upon the Post Office as a civilising and educative influence, and obviously anything which can bring that civilising and educative influence within the reach of the poorest classes must deserve serious consideration. But it is of course essential that the Post and Telegraph Department must balance its accounts, and it is only on that strictly financial ground, that I need oppose my Honourable friend's amendment. I do not quite understand what he said on the financial

[Mr. A. H. Ley.]

accounts of the department. He complained, as far as I could understand him, that the accounts were not complete or were not properly put forward. If I caught him correctly he made some reference to proper credits not being taken for services which the Post Office renders to other departments. He did not mention any particular instance in which that has happened. As far as I know that is not the case, generally speaking. I think I heard him say that we did not take credit for services rendered to the Customs Department, in the matter of customs revenue on parcels and so on. We do take credit for such services. I do assure the House therefore that there is nothing on that ground.

THE HONOURABLE MR. V. RAMADAS PANTULU: What about Indian States?

THE HONOURABLE MR. A. H. LEY: The position as regards Indian States is that there is a certain small loss on the running of the Post Office in the Indian States. It is a matter of a small amount, one or two lakhs of rupees, and I think it is really a question of the political arrangement with the Indian States as to whether the Post Office should or should not carry on the postal operations in those States. It is the policy of the Government of India, as far as possible, that they should run the Imperial Post Office in those States. It is quite true that there is a small loss there but it is just the same case as with the many unremunerative offices throughout the country. You cannot expect that every office should pay its way always. There must be certain portions of the service which are run at a loss and other portions which are run at a profit. My point is this, that taking the department as a whole, the department must pay its way and the Council is very well aware that it does not quite pay its way at present. If it could pay its way sufficiently, I for one should be very glad to see the postal rates reduced. I come back now to what I said at first. I think it is far more important that the Post Office should be in a position to extend its operations as far as it possibly can, with the money at its command. It is certainly not right that the department should be subsidised, that it should carry letters at the expense of the general taxpayer. And what will happen, if that is done? I will first explain what the precise financial effect of my Honourable friend's amendment is. He wishes to reduce the price of postcards to a quarter of an anna and I understand he would leave the price of letters unchanged. The effect was explained in this Council last year. The actual effect of that financially, taking the number of postcards alone and allowing for 20 per cent. increase in traffic which would result from reducing the rate, is that it would mean a loss of practically 60 lakhs of rupees. That was what was stated in this Council last year. I should like to add however that this is by no means the whole extent of the financial loss which will be involved, that is to say, if you leave the letter rate unchanged at one anna. Because it will mean, and this is the experience of every country in the world, that if you have a difference between the letter and the postcard rate exceeding a very small sum of not more than a half-penny or half an anna, there will be, and must be, a very large diversion from the letter to the postcard traffic. So that you have not only got to take into account the actual loss on the estimated numbers of postcards carried, taking the estimate of the numbers carried in the last year of which I have got the figure, but you have also

to add to that a sum which cannot be estimated and which could only be guessed at, to include the diversion from the letter to post-card traffic. That would bring the total loss which my Honourable friend's amendment would involve to certainly a great deal more than 60 lakhs. It would certainly be three-quarters of a crore and possibly more than that. Well, now of course the Postal and Telegraph Department, as this Council is perfectly well aware, is not able to afford that loss. And what will it mean? If that were carried into effect it would mean that the whole operations of the Department would be crippled for some years to come, because it would be necessary—that would be forced on the Department—to effect every possible retrenchment in other ways in order to make that loss up. It would mean the wiping out of all the plans for extending the operations of this Department in other ways. The provisions, for instance, for extending postal facilities to rural areas, for which we are finding money this year and also did last year, would all have to go. A large number of post offices which are hardly paying at present or are not paying at present would have to be closed down. There is no question whatever that that would be the immediate result of carrying this Resolution into effect.

There is one other point which my Honourable friend raised. He said "Well, why don't you reduce the cost of this department?" He called it a top-heavy department. I am not prepared to agree with him in that. He gave us no figures to show why he thought it was a top-heavy department. You must remember that we are dealing with a very large organization, an organization which employs labour—I forget the exact figures, but at any rate over one hundred thousand men. You have got to deal with that organization, a number of superior officers, amounting to 130 in all. That is a superior officer to nearly every thousand men; and it is important and essential for the efficient administration of the Department that there should be adequate supervision by the superior officers. You have got a number of post offices scattered all over large distances right away from the main towns, and it is absolutely essential, I can assure this Council it is essential, that unless there is supervision in those post offices by the superior officers of the department, Superintendents of Post Offices and above, the loss which would be caused to the Post Office would be far greater than any saving you could effect by reducing the number of officers of the department. I do not want to refer to the arguments which were taken in another place on that subject, but I think that I shall have the support of this Council as a whole in stating that as a general proposition it is absolutely essential in a scattered department like the Post Office that you should have efficient supervision. I do not intend to press the argument that the value of money has fallen and the price of everything else has risen, and that there is no particular reason why the price of post-cards should not rise in sympathy. That was an argument which my Honourable friend wants me to dismiss. I do not want to press it, because I entirely agree with him that if we could find the money to do what he wants us to do, then that argument would disappear. We should like, as I started by saying, to have cheap postal rates, but it would be false economy to have rates which are so cheap that the department cannot work except at very considerable loss, and would consequently have to effect every possible measure of retrenchment and cut down its activities in every possible way in order to try and balance its budget. That is my principal argument, Sir. Even if the Post Office did effect every possible economy, every

[Mr. A. H. Ley.]

possible retrenchment, they could not possibly hope within a period of some years—I will not say within a period of some years—at any rate within a certain period, to meet the very considerable deficit which my Honourable friend's motion would entail; and I do ask him very earnestly to consider whether it is desirable to put the department into a position in which it would have to curtail its activities in every direction. I would ask him to consider that very seriously—and perhaps he might consider it advisable to withdraw his amendment when he considers that point of view.

THE HONOURABLE THE PRESIDENT: The question is:

“That in Schedule II to the Bill, for the entries under the head ‘Postcards’ the following be substituted, namely:

‘Single	...	...	... Quarter of an anna,
Reply			... Half an anna’.”

The motion was negatived.

Schedule II was added to the Bill.

Schedule III was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE MR. A. C. MCWATTERS (Finance Secretary): Sir, I move:

“That the Bill, as passed by the Legislative Assembly and amended by the Council of State, be passed.”

THE HONOURABLE SAIYID RAZA ALI (United Provinces East: Muhammadan): Sir, the action of the other House has placed Honourable Members of this Council in such an awkward position that I feel I can ill-afford to cast a silent vote in favour of the passing of the Bill as it now stands. After having very carefully listened to the speeches made by the Honourable Members on my right, I was surprised to find that the argument in another place was not repeated that Sir Basil Blackett had held up his sleeve crores of rupees. Had that argument been repeated, Sir, I believe my Honourable friends would have succeeded in converting my views to this extent that I would have joined them in making a close search of the person of Sir Basil Blackett (Laughter). The fact that these crores do not in all likelihood exist is further supported from the circumstance that the Finance Secretary, the Honourable Mr. McWatters, who has twice performed a wonderful feat of memory by giving the whole budget figures to the House without looking at a single note, did not make any hint at the existence of these fabulous amounts. It may be that he is in conspiracy with his chief. But if these sums had existed, as was hinted, if I mistook not, by the Honourable Mr. Karandikar when he said that it is for the Government Benches to find the money then I believe (*The Honourable Mr. R. P. Karandikar*: “I never said that.”) I am glad that my Honourable friend did not say that if these sums had been in existence, we might have had some inkling from Mr. McWatters’ speech.

Now, Sir, the position in which the action of the Assembly has placed us is this. A false issue has been raised over the question of the salt tax. I propose to go into the question briefly as it is a late hour now. Let me begin by at once confessing that there were many points made by my friend the Honourable Mr. Karandikar on which I for one feel

inclined to agree with him. He dwelt at considerable length on the iniquity of the salt tax and adduced a number of authorities including Lord Curzon to show that the salt tax did really operate harshly on the poor. I for one have no desire, Sir, to differ from that statement. I myself feel that every tax is a burden on those who have to bear it; especially, Sir, is it the case with the salt tax that it falls on the poor. I admit that. I further say that if we had no commitments and if we were free to utilise this large surplus for the relief of the poor, the reduction of the salt tax would have been a most laudable object. But, Sir, where I do differ from my friend, the Honourable Mr. Karandikar and differ strongly, is that he has treated the whole question as if this surplus was in our hands and we had no commitments by way of reducing the contributions made to the Imperial exchequer by the provinces. He treated the whole question not as a relative one but as an absolute question. The Honourable Mr. Ramadas Pantulu, who I am glad has given very considerable thought and time to this question, has made a number of speeches which have put the other side of the question before this House. I welcome these speeches inasmuch as I think it is a great advantage to have before us a point of view which hitherto was not represented in this Council. I have my own doubts about the political creed of the Honourable Mr. Karandikar. I do not think he is a whole-hogger and is prepared to go as far as we know the Honourable Mr. V. Ramadas goes. But, Sir, I would have been delighted to be enlightened on the point as to what led the Honourable Mr. Ramadas to bring forward not a negative proposition, namely, that such and such items be rejected, but also to make constructive proposals. It was announced this afternoon—and the Honourable Member did not disown it—that he was a Swarajist. I take it that the creed of the Swarajist was to destroy, to annihilate. I cannot help comparing the professions of my Honourable friend with his practice. Unfortunately for us he has been with us only for a short time. Let us see how he has acted. If he had rested content with a proposal that such and such items be deleted, I would have had nothing but respect for the views which he entertains, though I might differ and strongly differ from those views. But let us see what he has done. To-day he has preached non-co-operation in its purest and most unadulterated form. Let us see what was his attitude the other day when he stood up and threw the whole weight of his authority on the side of the minority report of the Frontier Inquiry Committee. The position taken up then by my learned friend was that effect should not be given to the majority report but effect should be given to the minority report. I thought, Sir, that that was the position which was hardly consistent with the political creed of a Swarajist. Again, this morning my Honourable friend in the interests of the Indian members of the Executive Council wanted to establish a convention that when the Indian members of the Executive Council went against the wishes of what is supposed to be the feeling in the country on certain questions, they should be made or should be asked to resign. His desire to establish a political convention was a clear demonstration of wholehearted co-operation with Government. The same thing is illustrated by the subsequent amendment for which he was responsible. True, the amendment was rejected. But my Honourable friend cannot escape being charged with having taken up inconsistent positions, namely, at times he wants to destroy and at other times he wants to co-operate. Sir, the political aspect of the question has already been dealt with at a considerable length and I do not think I am required to go through the same question over again. Suffice it to say, that the position which I believe has been taken up by a large number

[Saiyid Raza Ali.]

of the Honourable Members of this House is this. True, the salt tax is an evil. It is equally true that provincial contributions are an evil too, perhaps a greater evil. The simple question therefore is as to which is the greater of these two evils which should be remedied first.

THE HONOURABLE THE PRESIDENT: I would remind the Honourable Member that the House has already decided that question.

THE HONOURABLE SAIYID RAZA ALI: Sir, in fact, I was waiting for the Honourable Mr. Karandikar to speak first. It is open to every Member of this House to propose now that the whole Bill be rejected which my Honourable friend Mr. Karandikar is perhaps going to do. It is only in anticipation of those remarks that I am making these observations. (Laughter).

THE HONOURABLE MR. R. P. KARANDIKAR: I may satisfy my friend that I am not going to do anything of the kind. (Renewed laughter).

THE HONOURABLE SAIYID RAZA ALI: So far as I am concerned and so far as this House is concerned, the assurance is most welcome. Whether it would be equally welcome to his Swarajist friends, is more than I can say.

Now I propose that this Bill be passed and one of the arguments that I think it is high time should be placed before this Council in support of the Bill as amended is the attitude taken up by the other House as disclosed by the division lists. I do not wish to go behind the screen to find out as to what the constitution of the Parties in that House is. We know, as was pointed out, that 61 voted in favour of the salt tax being reduced to Re. 1, whereas 56 voted for its being maintained at the present level, namely, Rs. 1/4. It will interest Honourable Members to learn that practically all the leaders of the Independent Party voted in favour of the tax being kept at Rs. 1/4. What really happened, Sir,—in spite of my Honourable friend's impatient signs I must say that I am quite correct according to the division lists I have got here—was that all the prominent leaders of the Independent Party voted for the tax being maintained at Rs. 1/4. The object of the Swarajist Party being destruction, annihilation, they naturally voted against the principle enunciated in the amendment of the Honourable Mr. McWatters. Unfortunately the Independent Party was divided with the result that some voted on this side and some on the other and the result was that a non-official amendment which proposed that the tax be kept at Re. 1 was carried. Let it therefore be quite clearly understood, Sir, that this Council is voting in favour of the tax being retained at Rs. 1/4 because it would be paralysing the sources of activity in a number of provinces if provincial relief were any longer to be denied to the provinces concerned. I am not, Sir, here to argue the case of any one province in particular in preference to that of another. I base my case on the broader issue that whether it is Madras or the United Provinces, the Punjab or Burma that is going to be affected—and that is why I am casting my vote in favour of this Bill—unless Honourable Members are prepared to starve out those departments which are known as nation-building departments, they should not prefer a reduction of the tax by 4 annas which has been advocated by my Honourable friend on my right to affording provincial relief. The reasons, Sir, are obvious. The provinces are in financial straits, especially the transferred departments in those Provinces to whom it is proposed to give relief. Therefore I think that

though it is our duty, and our imperative duty, to take the case of the poor man into consideration and to lighten his burdens as much as we can, I am convinced that it is our duty to devote this money to provincial relief. I hope that next year the Finance Member will find it possible to reduce the salt tax from Rs. 1-4 to Re. 1. It would no doubt deprive Government of a large sum of money, but the object being most laudable, I trust that any surplus next year will be devoted in the first instance to the reduction of the salt tax.

THE HONOURABLE MR. YAMIN KHAN: I move, Sir, that the question be now put.

THE HONOURABLE MR. R. P. KARANDIKAR: I shall only add one word, Sir, and utilise the time at my disposal better. I am a constitutional fighter; I have placed the case before the House and I wish to emphasise the need of looking into the working of the Salt Department. Much has been said in the other House and the remarks, especially of the Mover there on certain propositions, as well as the remarks of Sir Sivaswamy Aiyer at page 2140 of the debates as regards the need for looking into the working of the department will, I hope, be carefully considered. There is need to look into the question, as well as into the propriety of imposing an import duty on foreign salt—a very vexed question. Sir Dinshaw Wacha in 1917 in answer to a question elicited information which went to show that an additional supply of salt could be secured from certain States. If this could be done it would help to supply the needs of India largely. Then there were so many difficulties pointed out. We do not get pure salt; we do not get enough quantity for the money which we pay; we have not got in some places proper weights, in other places proper measures; and indeed Bengal looks to foreign salt because of the purity of that salt. If the department therefore looks more closely into this matter there is no reason to grumble. Now that the tax is going to be Rs. 1-4 I hope and trust that the department will, even if the Report of the Taxation Inquiry Committee is not received—the quicker it is done the better—look into the matter carefully.

THE HONOURABLE COLONEL SIR UMAR HAYAT KHAN: I move, Sir, that the question be now put.

THE HONOURABLE MR. V. RAMADAS PANTULU: May I offer a word of personal explanation, Sir? It is in reference to what my Honourable friend, Mr. Raza Ali, said. Of course I do belong to the Swaraj Party. When I moved that the Bill should not be taken into consideration I wanted to enter my protest against the policy of the Government to the extent to which I was entitled to discuss it under the ruling of the President. I know, Sir, that by such a motion Government cannot be paralysed any more than by the vote of the Assembly refusing travelling allowances to Executive Councillors or by the cuts made in Demands for particular departments. It is a constitutional way of protest and we Swarajists have always lodged such protests when I moved for the amendment of Schedule II on the question of the postal rates or when I opposed the salt tax at Rs. 1-4 it was in the same spirit—that these taxes are not levied with the consent of the representatives of the people of whom I consider myself to be one. There is therefore nothing inconsistent in this course as imagined by my Honourable friend, Pandit Motilal Nehru, the leader of the Swaraj Party.

[Mr. V. Ramadas Pantulu.]

pursues in the other House, exactly the same course I pursue in this House of opposing the passing of this motion and of moving amendments.

THE HONOURABLE SAYID RAZA ALI: And it would be a most inconsistent policy.

THE HONOURABLE THE 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 remit or vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to reduce the import and excise duties on motor spirit, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly and as amended by this House, be passed."

The motion was adopted.

DEATH OF THE MARQUESS CURZON.

THE HONOURABLE SIR NARASIMHA SARMA (Law Member): Sir, it is with deep regret that I rise to announce to the House the news which has just been received of the sad death of a distinguished ex-Viceroy, the Marquess Curzon. A man of powerful intellect, great knowledge, a masterful personality, an indefatigable worker of untiring energy and supreme self-confidence, he played a very prominent part both in the field of politics and of administration in his own country as well as in India. We remember with gratitude the very noble part he played in securing for India the reformed constitution under which we are now working. I ask, Sir, the leave of the House to request to convey the sense of the great loss which this House feels and to send a message of sympathy and of condolence to the members of the family of the late Marquess.

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I beg to associate myself on behalf of my province and also on behalf of all the Punjab Members here with the tribute of respect which has been paid by the Honourable the Leader of the House to the memory of Marquess Curzon of Kedleston. He was one of the foremost statesmen of the British Empire, and undoubtedly one of the ablest Governors General we have had in India. The news of his death will, I am sure, be received all over India with deep regret, and we sympathise most sincerely with Lady Curzon in her irreparable loss. I think it is only right and fitting that a message of condolence and sympathy should be sent to her from this Council.

THE HONOURABLE THE PRESIDENT: I desire also to associate myself, and I think I may associate the House as a whole with what has fallen from the lips of the Honourable the Leader of the House, and I shall take steps to give effect to what is obviously the unanimous desire of this House that a message of sympathy and condolence should be conveyed to the members of the family of the late Marquess Curzon.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR NARASIMHA SARMA (Law Member): I am now in a position, Sir, to state the business which remains to be disposed of before the close of the Session. If by Monday next the Finance Bill

has been passed by both Chambers in a form which will admit of Government pursuing its proposals in the matter of the reduction and remission of provincial contributions, the Honourable Mr. McWatters' Resolution in that connection will be moved on that day. In any case motions will be moved on the day for the consideration and passing of the three Government Bills which have been laid on the table to-day, namely, the Bills to amend the Indian Tariff Act; the Indian Income-tax Act and the Indian Stamp Act, respectively.

Another Government Bill to amend the Cotton Cess Act will, it is hoped, be passed by the Assembly to-morrow in which case, it will be laid on the table here on Monday. The Bill is of a non-controversial character and the convenience of the House might, I suggest, be promoted if you permitted the consideration of the motion to be put down for the following day, namely, Tuesday, the 24th. On the same day, Sir, you will, I understand, yourself move for the appointment of Members of this Council to the Joint Committees on the Indian Succession Bill and on Mr. Sethna's Bill to amend the Succession Certificate Act. In that event time would be given to the Honourable Sir Arthur Froom to move a similar motion with reference to his Bill to amend the Indian Succession Act. The only business outstanding would then be the consideration and passing of a Bill to supplement the Bengal Criminal Law Amendment Act, 1925, which will be introduced in, and we hope passed by, the Legislative Assembly on Monday next. In that event the Bill would be laid on the table here on Tuesday, and since copies of the Bill have already been circulated to Honourable Members, they would perhaps be prepared with your permission to proceed forthwith with the consideration of the Bill. Should you find yourself unable to reduce the normal 3 days period in the case of this Bill or of the Bill to amend the Cotton Cess Act, the period for which the Council will remain in Session would of course be prolonged by 2 or 3 days beyond Tuesday next.

THE HONOURABLE THE PRESIDENT: I think it will be more convenient to postpone a decision as to the dates on which certain Bills not yet passed in another place should be taken up here until those Bills have been passed and have been laid on the table in this House.

The Council then adjourned till Eleven of the Clock on Monday, the 23rd March, 1925.