

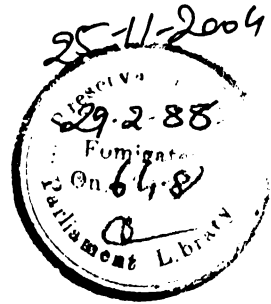
Monday, 24th March, 1924

THE
COUNCIL OF STATE DEBATES
(Official Report)

Volume IV, Part I

(From the 30th January to the 25th March 1924)

FOURTH SESSION
OF THE
COUNCIL OF STATE, 1924



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	PAGES.
WEDNESDAY, 12TH MARCH 1924—	
Questions and Answers	529—530
Message from the Legislative Assembly	530
Indian Tolls Bill	530—535
Resolution <i>re</i> establishment of pioneer sugar factories and the pro- motion of sugar-cane cultivation (Adopted as amended) ...	535—557
Resolution <i>re</i> deletion from the Statute-book of the ratio of two shillings to the rupee. (Not moved)	557
Resolution <i>re</i> transferred subjects in the provinces (Not moved) ...	557
THURSDAY, 13TH MARCH 1924—	
Session of the Legislature at Simla in May	559—562
Sea Customs (Amendment) Bill. (Passed)	562—564
Indian Tariff (Amendment) Bill (Passed)	564—565
Statement of Official Business for Tuesday the 18th March ...	566
TUESDAY, 18TH MARCH 1924—	
Member sworn	567
Questions and Answers	567—576
Questions and Answers <i>re</i> Rules under Section 67 of the Government of India Act	571—576
Bills assented to by His Excellency the Viceroy	576
Resolution <i>re</i> draft convention of the International Labour Conference concerning the use of white lead in painting (Adopted) ...	576—582
Indian Finance Bill	576, 582—583
WEDNESDAY, 19TH MARCH 1924—	
Questions and Answers	585—591
Message from His Excellency the Governor General	591—592
Indian Finance Bill laid on the table	592—593
Resolution <i>re</i> restrictions and disabilities on Indians in South Africa (Adjourned till 20th March)	593—613
Message from the Legislative Assembly	613—614
THURSDAY, 20TH MARCH 1924—	
Bill laid on the table	615
Resolution <i>re</i> restrictions and disabilities on Indians in South Africa. (Adopted)	615—635
MONDAY, 24TH MARCH 1924—	
Member sworn	637
Questions and Answers	637—648
Bills assented to by His Excellency the Viceroy	648
Indian Finance Bill	648—716
TUESDAY, 25TH MARCH 1924—	
Indian Finance Bill (continued)—(Passed)	717—732
Indian Income-tax (Amendment) Bill (Passed)	732—736
Amendment of Standing Orders	736—737
Valedictory remarks of the Honourable the President	737—739
Adjournment of Council to 27th May 1924	739

COUNCIL OF STATE.

Monday, the 24th March, 1924.

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

MEMBER SWORN.

The Honourable Mr. Alexander Robert Loftus Tottenham (Member, Central Board of Revenue).

QUESTIONS AND ANSWERS.

PAY OF CERTAIN OFFICERS ON DEPUTATION TO THE PUBLIC WORKS DEPARTMENT, DELHI.

169. THE HONOURABLE MR. S. VEDAMURTI: (a) Will the Government be pleased to state the substantive pay, in their respective provinces or departments, of the following officers, who are on deputation to the Public Works Department, Delhi, as also the pay they are getting in Delhi, and the reasons for granting the latter rate of pay:

1. Mr. H. E. Parker,
2. Mr. Bahadur Singh,
3. Mr. E. B. W. Grindal,
4. Mr. G. B. Davidson?

(b) Why the deputation allowance of 20 per cent., or fixed amount of Rs. 150 per mensem, as the case may be, is not considered sufficient in their cases, and were they not bound to serve the Government on their substantive pay *plus* ordinary deputation allowance (or the special pay, as it is termed in the Public Works Department, Delhi)?

THE HONOURABLE MR. A. H. LEY: (a) The substantive pay of Mr. H. E. Parker, Sanitary Engineer in the United Provinces, is Rs. 1,575. He is at present drawing Rs. 1,750, *plus* a special pay of Rs. 150 per mensem at Delhi.

Mr. Bahadur Singh is now drawing Rs. 390 at Delhi, Mr. E. B. W. Grindal Rs. 900 and Mr. G. B. Davidson Rs. 610. The lien of these three officers on their substantive appointments has been suspended and it is not, therefore, known what pay they would have been drawing in their own Provinces, had they not been deputed to Delhi.

(b) The pay of the posts held by these officers has been fixed in accordance with the principles laid down in Rules 39 to 41 of the Fundamental Rules.

CREATION OF NEW DIVISIONS AND SUB-DIVISIONS IN THE PUBLIC WORKS
DEPARTMENT, DELHI.

170. THE HONOURABLE MR. S. VEDAMURTI: What is the principle underlying the creation of new Divisions and Sub-Divisions in the Delhi Public Works Department?

THE HONOURABLE MR. A. H. LEY: New Divisions and Sub-Divisions are created as the needs of the works dictate.

LIGHTING OF THE ROAD BETWEEN PAHARGANJ AND IBBETSON ROAD, RAISINA.

171. THE HONOURABLE MR. S. VEDAMURTI: (a) Is it not a fact that there is no provision for light between Paharganj and Ibbetson Road, which is a main thoroughfare to the orthodox clerks' quarters, Raisina, and which has a dangerous corner?

(b) Will the Government please state as to why the road between Paharganj and the Ibbetson Road is not attended to properly?

THE HONOURABLE MR. A. H. LEY: (a) & (b). The major portion of the road alluded to lies within the limits of the Delhi Municipal Committee. The question of the re-arrangement of the boundaries between the Municipal Area and the New Capital Area at this point is at present under consideration.

EXCESS EXPENDITURE ON THE EASTERN AND WESTERN HOSTELS, RAISINA.

172. THE HONOURABLE MR. S. VEDAMURTI: With reference to Government's reply to my question No. 66 of the 11th February 1924, will the Government please state:

- (a) Was the excess amount of Rs. 3,18,000 provided in the revised estimate of the New Capital Project? If so, how can this provision be justified, when the original estimate of Rs. 14,46,010 was not provided for in the Project Estimate?
- (b) How has the remaining excess of Rs. 2,21,416 been or is proposed to be met?
- (c) What action, if any, has been taken against the officers responsible for this excess expenditure? If not, why?

THE HONOURABLE MR. A. H. LEY: (a) A lump sum provision was made in the Revised Project Estimate to cover the anticipated excess on the Hostels and other works. It was not possible to distribute this over each of the works when the Revised Project Estimate was framed. I may add that a sum of Rs. 13,90,900 was provided in the Revised Project Estimate for construction of the Hostels. Certain supplementary items were subsequently sanctioned by the Government of India, bringing the total of the sanctioned estimates for the Hostels to Rs. 14,46,010.

(b) The excess will be met from savings within the Revised Project Estimate for the New Capital.

(c) The question whether any blame attaches to any officer in this particular instance for the excess over estimates is at present under examination. I may remind the Honourable Member that such excesses are often caused by unforeseen circumstances beyond the control of any one concerned.

SUB-DIVISIONAL OFFICERS IN THE PUBLIC WORKS DEPARTMENT, DELHI.

173. **THE HONOURABLE MR. S. VEDAMURTI:** (a) With reference to Government's reply to my question No. 67 of 11th February 1924, will the Government please furnish the following statement relating to the Sub-Divisional Officers in the Delhi Public Works Department:-

- (1) Name of Sub-Divisional Officer.
- (2) Educational and technical examinations passed.
- (3) Present charge (*i.e.*, name of Sub-Division).
- (4) Date on which the Sub-Division was formed.
- (5) Date of posting of the present incumbent to the charge.
- (6) Date on which the officer was first appointed as Sub-Divisional Officer in the Delhi Public Works Department.
- (7) Name and pay of the substantive and permanent post held by the officer, if on deputation from any other Province.
- (8) Name and pay of the post held in Delhi Public Works Department.
- (9) Total length of service in the Public Works Department.
- (10) Length of service in the Delhi Public Works Department on regular establishment?

(b) With reference to answer to part (g) of my question No. 67, will the Government please state the qualifications required for being appointed as a Sub-Divisional Officer in the Delhi Public Works Department?

(c) Are the 6 Engineers, not at present holding charge of Sub-Divisions, qualified to hold the charge of Sub-Divisions? If so, what are the circumstances under which they are not employed as Sub-Divisional Officers in preference to subordinates whom the Government have to pay an additional allowance of Rs 75 per mensem each? If unqualified to hold charge of a Sub-Division, why are they appointed as Engineers?

(d) What are the circumstances under which the most senior subordinate has not been appointed as a Sub-Divisional Officer, in preference to his juniors?

(e) Is there any Temporary Engineer working under an untrained subordinate, who holds charge of a Sub-Division? If so, what are the reasons of employing an officer of higher rank under an untrained or unqualified officer of lower rank?

THE HONOURABLE MR. A. H. LEY: (a) The books giving the information will be shown to the Honourable Member on his calling at the office of the Chief Engineer.

(b) Paragraph 90 of the Public Works Department Code prescribes that Sub-Divisional Officers may be Executive Engineers, Assistant Engineers, Upper Subordinates or in cases where no qualified officers of these classes are available, lower Subordinates.

(c) All six are technically qualified but three have not sufficient practical experience. None of the six have a good knowledge of accounts and rules, and of the Public Works Department Code. Two have failed on this

account. The three officers who are by practical experience qualified for employment as Sub-Divisional Officers are at present more usefully employed in other capacities on technical work.

(d) The man in question is not fit for Sub-Divisional charge.

(e) It is presumed that the question refers to a young temporary Engineer who has been attached to a Sub-Division, the Sub-Divisional Officer in charge of which has practical qualifications. If so, the answer is in the affirmative and the reason is obvious.

LIGHTING ARRANGEMENTS IN THE AREA COMPRISING THE ORTHODOX QUARTERS, RAISINA.

174. **THE HONOURABLE MR. S. VEDAMURTI:** (a) With reference to Government's answer to my question No. 71 of 11th February 1924, is it not a fact that the quarters, which are now called orthodox and unorthodox, were formerly termed as Indian clerks' and European clerks' quarters, respectively?

(b) Were not a number of the Indian clerks' quarters (now called orthodox quarters) constructed before the gazetted officers' bungalows in the New Capital Area? If so, why are not the lighting arrangements yet complete in the former area?

(c) What is the number of persons living in orthodox clerks' quarters, and in the gazetted officers' bungalows, respectively? What are the grounds for assuming that the traffic is not expected to be heavy in the orthodox quarters area?

(d) Is it not a fact that there is no provision in the Revised Project Estimate for bringing the lighting arrangements of this area to the same standard as in the rest of the New Capital?

(e) Are there any Europeans living in orthodox clerks' quarters?

THE HONOURABLE MR. A. H. LEY: (a) The clerks quarters were formerly termed Indian clerks' quarters and European clerks' quarters. When, however, Government were approached by certain Indian clerks for accommodation in European style the terms Indian and European were altered to Orthodox and Unorthodox, respectively, and the building scheme was revised accordingly.

(b) The answer to the first part of the question is in the affirmative. The lighting arrangements are not in point of fact complete anywhere. The permanent lighting scheme has not been carried out with reference to the order in which buildings were erected; it has been carried out solely with a view to economy in construction.

(c) The information as to the number of persons living in the orthodox clerks quarters and gazetted officers' bungalows is not available. There are, however, about 280 gazetted officers' bungalows constructed and under construction in the New Capital Area excluding the bungalows that have been and will be constructed by private enterprise. There are about 1,450 orthodox clerks' quarters constructed and under construction. The locality in which some of the clerks quarters are situated is not likely, from its situation, to involve much through traffic. This is also the inference from the actual facts in similar circumstances in towns in other parts of India or outside India.

(d) Yes. The scale of street lighting is determined by the amount of through traffic anticipated.

(e) Not as far as Government are aware.

ALLOWANCES OF MEMBERS OF THE IMPERIAL SERVICES.

175. THE HONOURABLE MR. S. VEDAMURTI: Will the Government be pleased to give a complete list of allowances, including Exchange Compensation, that are paid to members of the Imperial Services and the basis on which they are calculated?

ALLOWANCES OF MEMBERS OF THE IMPERIAL SERVICES.

176. THE HONOURABLE MR. S. VEDAMURTI: Will the Government please furnish a statement showing what percentage of officers in the Imperial Services draw allowances amounting to fifty per cent. of their substantive salary and in how many cases the allowances amount to seventy-five per cent. or more of the substantive salary?

THE HONOURABLE MR. J. CRERAR: I propose to answer the Honourable Member's two questions regarding allowances of Imperial Service Officers together.

The position as regards exchange compensation allowance is explained in the Finance Department Resolutions No. 591-F.E., dated the 29th March 1922, and No. 2657-F.E., dated the 19th December 1922, copies of which can be supplied to the Honourable Member if desired. To furnish the complete information required by the Honourable Member it would be necessary to make an elaborate reference to Local Governments. Government do not consider that the expenditure of time and labour involved would be justified.

As regards the second question, so far as officers serving under the Central Government are concerned, none draw allowances on anything approaching the scale suggested by the Honourable Member.

OVERSEAS PAY AND EXCHANGE COMPENSATION ALLOWANCE GRANTED TO CHAPLAINS RECRUITED IN INDIA FOR THE ECCLESIASTICAL DEPARTMENT.

177. THE HONOURABLE MR. S. VEDAMURTI: Will the Government please state why overseas pay and exchange compensation allowance are given to those officers of the Ecclesiastical Department, who were recruited in India and were domiciled in India as agents or servants of missionary societies before they joined the Ecclesiastical Department?

THE HONOURABLE MR. D. T. CHADWICK: No overseas pay or exchange compensation allowance is granted to chaplains on the Indian Ecclesiastical Establishment.

CONTRACT FOR GOVERNMENT PRINTING.

178. THE HONOURABLE LALA RAM SARAN DAS: Will the Government kindly state the names of the firms, who have now secured the contract for Government of India printing, what are the rates and how do they compare with the previous rates?

THE HONOURABLE MR. A. H. LEY: The contract for the printing of certain of the Post and Telegraph forms, to which the Honourable Member presumably refers, has been given to Messrs. Karim Bux Brothers, Calcutta. The rates are contained in a schedule which runs to more than seventy pages of print; it is obviously impossible to quote these in reply to a question, but I shall be happy to show the schedule to the Honourable Member in my office if he so desires. Owing to changes both in the scope of the contract and in the forms, no exact comparison with previous rates is possible, but the rates generally show considerable reductions on those granted to the previous contractor.

REPORT OF THE NORTH-WEST FRONTIER INQUIRY COMMITTEE.

179. **THE HONOURABLE LALA RAM SARAN DAS:** Will the Government kindly state when the report of the Frontier Committee is to be published?

THE HONOURABLE MR. J. CRERAR: The Report of the North-West Frontier Inquiry Committee will probably be published by the end of this month.

REDUCTION OF RAILWAY FREIGHT ON COAL.

180. **THE HONOURABLE LALA RAM SARAN DAS:** Will the Government kindly state whether they intend to reduce the railway freight on coal? If so, from what date, and to what extent?

THE HONOURABLE MR. D. T. CHADWICK: Government do not intend at present to take up with the Railway Companies concerned the question of reducing long distance freights on coal.

THE HONOURABLE SIR ARTHUR FROMM: Is there any question of reducing short-distance freights?

THE HONOURABLE MR. D. T. CHADWICK: A rebate has already been given, as the Honourable Member is aware, on coal despatched from the coalfields into Calcutta for export by sea.

REPORT OF THE TARIFF BOARD.

181. **THE HONOURABLE LALA RAM SARAN DAS:** Will the Government kindly state when the Report of the Tariff Board will be published?

THE HONOURABLE MR. D. T. CHADWICK: An exact date cannot be given, but the report of the Tariff Board will be published sometime before the special session of the Legislature, which it is intended to summon to consider it.

INDIAN OFFICERS HOLDING KING'S COMMISSIONS.

182. **THE HONOURABLE LALA RAM SARAN DAS:** Will the Government kindly state in how many years the number of Indian officers holding King's Commissions will reach 100? What will be the minimum number of such Commissions every year for the next five years?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: It is impossible to say, with certainty, when the number of Indian officers with the King's Commission will reach 100. Ten vacancies are allotted annually at Sandhurst for Indian gentlemen and, provided all the candidates who enter Sandhurst are successful in obtaining their commissions, the number he mentions should be reached in two or three years.

EMPLOYMENT OF INDIANS AS TRAFFIC INSPECTORS ON STATE RAILWAYS.

183. THE HONOURABLE LALA RAM SARAN DAS: Will the Government kindly state how many Indians now hold the posts of Traffic Inspectors (Transportation Branch) on each of the three State-worked Railways (North-Western Railway, Eastern Bengal Railway and Oudh and Rohilkhand Railway), and what was their number before the Government accepted the amendment to my Resolution in this connection on 28th February last year?

THE HONOURABLE MR. D. T. CHADWICK: On the 31st December 1922 the number of Indian Traffic Inspectors (Transportation Branch) on the State-managed Railways were as below:—

North Western Railway	3
Eastern Bengal Railway	2
Oudh and Rohilkhand Railway	4

Since March 1923 the number has been increased by 1 and 7, respectively on the Eastern Bengal and Oudh and Rohilkhand Railways.

No new appointments have been made on the North Western Railway as the cadre of Traffic Inspectors was reduced by four, due to retrenchment.

RAILWAY CONCESSIONS FOR THE CARRIAGE OF MILITARY STORES.

184. THE HONOURABLE LALA RAM SARAN DAS: (a) Will the Government kindly state what is the total amount of concession allowed by the Indian Railways to the military department for the carriage of military stores at reduced mileage rate per wagon, as compared to the ordinary tariff rates?

(b) Do the Government intend to withdraw this concession? If so, when?

THE HONOURABLE MR. D. T. CHADWICK: (a) It is not quite correct to describe the rates charged by railways for the carriage of military stores as "concession" rates. These are all round rates levied whether the ordinary tariff rates are higher or lower. The primary object of these rates is the simplification of the method of payment, accounting and audit and the calculation of differences between military traffic rates and ordinary tariff rates would involve time, labour and cost incommensurate with the results to be obtained.

(b) Government do not propose to alter the existing procedure.

MILITARY OFFICERS ON STATE RAILWAYS.

185. THE HONOURABLE LALA RAM SARAN DAS: Will the Government kindly state—

(a) what is the total number of military officers employed on each of the three State-worked Railways (North Western Railway, Eastern Bengal Railway and Oudh and Rohilkhand Railway);

(b) what is the total amount of deputation or other special allowances, if any, paid to such officers by the Railways, in addition to their regular salaries;

(c) is their employment in the interests of the military department?

THE HONOURABLE MR. D. T. CHADWICK: (a) There are 22 military officers (all Royal Engineers) employed on State Railways, namely, North Western Railway 17; Eastern Bengal Railway 4; and Oudh and Rohilkhand Railway 1.

(b) They are paid at the same rates as civil engineers of the Railway Department filling corresponding posts.

(c) Their employment is in the general interest of the country.

SUCCESSFUL BRITISH AND INDIAN CANDIDATES AT THE LAST I.C.S. EXAMINATION.

180. THE HONOURABLE MR. PHIROZE C. SETHNA: Will Government be pleased to state the number of British and Indian candidates, who were declared to have passed the Indian Civil Service examination held in London in August 1923?

THE HONOURABLE MR. J. CRERAR: The information is as follows:

British candidates	7
Indian candidates	4

I.C.S. EXAMINATION HELD AT ALLAHABAD IN MARCH 1923.

187. THE HONOURABLE MR. PHIROZE C. SETHNA: Will Government be pleased to give particulars in regard to the examination for the Indian Civil Service held at Allahabad in March 1923, giving details of the number of candidates, who appeared from the different provinces, and also the number of candidates from the different provinces who succeeded in the examination?

THE HONOURABLE MR. J. CRERAR: The information required by the Honourable Member in respect of the Allahabad Indian Civil Service examination which was held not in March but in January 1923, is as follows:

(a) *Number of candidates who appeared from the different provinces.*

Madras	17
Bombay	8
Bengal	30
United Provinces	11
Punjab	8
Burma	Nil
Bihar and Orissa	10
Central Provinces	6
Assam	3
Total	93

(b) *Number of successful candidates from the different provinces.*

Madras	2
Bengal	4
United Provinces	3
Total	<hr/> 9 <hr/>

APPOINTMENT OF MUHAMMADANS AS SUPERIOR OFFICERS IN THE IMPERIAL SECRETARIAT.

188. THE HONOURABLE MAULVI ABDUL KARIM: Is it a fact that there is not even a single Musalman superior officer in any of the Imperial Secretariat offices while there are about 20 non-Muslim Indians holding appointments above the rank of Superintendent or Attaché and below that of a Member of the Executive Council?

MUHAMMADAN SECRETARIAT SUPERINTENDENTS.

189. THE HONOURABLE MAULVI ABDUL KARIM: Is it a fact that, with the exception of two, all the Secretariat Superintendents and other permanent officers holding similar posts, numbering about 50, are non-Muslims?

APPOINTMENT OF MUHAMMADAN GAZETTED OFFICERS IN THE IMPERIAL SECRETARIAT.

190. THE HONOURABLE MAULVI ABDUL KARIM: Do the Government propose to appoint Muslim gazetted officers in the Imperial Secretariat, as vacancies occur and new posts are created, and to let the Council know the action taken in this respect every six months?

THE HONOURABLE MR. J. CRERAR: I propose to answer the Honourable Member's three questions regarding the appointment of Muslim Officers in the Imperial Secretariat together. We have not been able to collect complete information, but so far as our available information goes, the position suggested in the first two questions appears to be substantially correct. In reply to his third question I would explain to the Honourable Member that Departments of the Government of India have already been instructed to bear in mind, when recruiting for posts under their control, the policy announced by the Honourable Sir Malcolm Hailey in the course of the debate in the Legislative Assembly on the 10th March 1923, that the Government of India cannot aim at securing the proportionate representation of minority communities, but would take measures to prevent a preponderance of any one class or community in the services under their direct control.

MUHAMMADANS ON THE NORTH WESTERN AND EASTERN BENGAL RAILWAYS.

191. THE HONOURABLE MAULVI ABDUL KARIM: (a) Will the Government be pleased to state the total number of employés and the number of Muslim employés, superior and subordinate separately, in the North Western Railway?

(b) Will the Government kindly furnish similar information regarding the Eastern Bengal Railway?

THE HONOURABLE MR. D. T. CHADWICK: (a) and (b). All available information is contained in Appendix B of the Administration Report on Indian Railways, 1922-23, Volume II, a copy of which is placed in the Council Library. No separate figures for Muslim staff are maintained.

SUPERIOR OFFICERS IN THE RAILWAY BOARD.

192. THE HONOURABLE MAULVI ABDUL KARIM: Will the Government be pleased to state the number of Indian superior officers (Muslims and non-Muslims separately) at present employed in the Railway Board's Office and what their number (Muslims and non-Muslims separately) will be when the reorganisation scheme, referred to on page 15 of the Explanatory Memorandum of the Railway Budget for 1924-25, would be carried into effect?

THE HONOURABLE MR. D. T. CHADWICK: At present there are two Indians (non-Muslims) on the superior staff of the Railway Board. One of these shortly vacates his appointment on its abolition. In addition to the above a Muslim Officer has recently been posted to the Board's Office to replace an Officer transferred. The appointments to be made under the reorganization scheme have not yet been settled.

MUHAMMADAN OFFICERS ON THE RAILWAYS.

193. THE HONOURABLE MAULVI ABDUL KARIM: On page 18 of the Explanatory Memorandum of the Railway Budget for 1924-25, it has been stated that on the 1st November 1923 there were 268 Indian officers on Indian Railways. Will the Government be pleased to state how many of these are Muslims and in which departments are they employed?

THE HONOURABLE MR. D. T. CHADWICK: There are 28 Muslim Officers on State Railways who are employed as follows:

Engineering Department.	4
Traffic	19

In so far as Company-worked lines are concerned the Honourable Member is referred to the Classified List and Distribution return of officers, a copy of which is in the Library.

MUHAMMADAN OFFICERS IN THE VARIOUS DEPARTMENTS OF INDIAN RAILWAYS.

194. THE HONOURABLE MAULVI ABDUL KARIM: Is it a fact that there is not even a single Muslim officer in any of the Agency, Loco, Carriage and Wagon and Stores departments of the Indian Railways?

THE HONOURABLE MR. D. T. CHADWICK: The statement is correct. There is at present no Muslim Officers employed on any of the State Railways in the Departments mentioned in the question.

APPOINTMENT OF MUHAMMADANS IN THE AGENCY AND LOCO. DEPARTMENTS OF RAILWAYS.

195. THE HONOURABLE MAULVI ABDUL KARIM: Did Government consider the claims of deserving Muslims in filling up the four additional appointments thrown open to the Indians during the year in the Agency and Loco. departments?

THE HONOURABLE MR. D. T. CHADWICK: It is not understood to what appointments the Honourable Member refers.

MUHAMMADAN OFFICERS IN THE AGENCY AND LOCO. DEPARTMENTS OF THE NORTH WESTERN AND EASTERN BENGAL RAILWAYS.

196. THE HONOURABLE MAULVI ABDUL KARIM: How many Muslim officers are at present employed in the Agency and Loco. departments of (a) the North Western Railway, and (b) the Eastern Bengal Railway?

THE HONOURABLE MR. D. T. CHADWICK: None in the Superior Grades.

STATEMENT SHOWING MUSLIM AND NON-MUSLIM OFFICERS IN FUTURE EXPLANATORY MEMORANDA AND OF THE RAILWAY BUDGET, ETC.

197. THE HONOURABLE MAULVI ABDUL KARIM: Do the Government intend to show, in future Explanatory Memoranda as well as in Appendix B. of the Administration Report, (Volume II), Muslim and non-Muslim Indian officers separately, as is done in the case of Europeans and Anglo-Indians.

THE HONOURABLE MR. D. T. CHADWICK: The tabulation of the information asked for by the Honourable Member would throw extra work on railway administrations which, in the circumstances, Government are not prepared to ask them to undertake.

NAVAL BASE AT SINGAPORE.

THE HONOURABLE THE PRESIDENT: I have received private notice of a question from the Honourable Mr. Lalubhai Samaldas, to be put provided His Excellency the Commander-in-Chief is prepared to answer.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Yes, Sir.

THE HONOURABLE THE PRESIDENT: Will the Honourable Member read his question.

THE HONOURABLE MR. LALUBHAI SAMALDAS: Will the Government be pleased to say if any agreement which would involve any additional charge on the Indian revenue has been arrived at with the Imperial Government in reference to the naval base at Singapore, or whether any such agreement is in contemplation?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The answer to both the parts of the Honourable Member's question is in the negative.

REPORT OF THE INDIAN BAR COMMITTEE.

THE HONOURABLE THE PRESIDENT: I have received notice of another private question which the Honourable Dr. Dwarkanath Mitter is allowed to put to Mr. Crerar, but I have received no information whether the Honourable Member is prepared to answer.

THE HONOURABLE MR. J. CRERAR: I am prepared to answer it.

THE HONOURABLE DR. DWARKANATH MITTHER: When do Government propose to publish the Report of the Indian Bar Committee?

THE HONOURABLE MR. J. CRERAR: On Wednesday, the 26th instant.

BILLS ASSENTED TO BY HIS EXCELLENCY THE VICEROY.

THE SECRETARY OF THE COUNCIL: Sir, information has been received that His Excellency has been pleased to grant his assent to the following Bills, namely:

The Criminal Tribes Act, 1924.

The Repealing and Amending Act, 1924,

The Sea Customs (Amendment) Act, 1924,

The Indian Tariff (Amendment) Act, 1924.

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 vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax be taken into consideration."

This Bill comes before us with a recommendation from the Governor General and the Governor General has also certified that the Bill is essential for the interests of British India. The circumstances will be familiar to all Members of this House. The original Finance Bill was rejected in another place on the motion to take into consideration. It followed, as it must necessarily have followed, that a recommended Bill was presented which had the object of providing sufficient funds to carry on the administration during the ensuing year. Permission was refused in the other House for leave to introduce that Bill and it now comes before this Council.

The Bill provides just sufficient funds to enable the administration to be carried on; it provides for the balancing of the Budget and nothing more. It provides for the salt tax at the reduced rate of 1/4 a maund. It provides for the existing postal rates, the existing rates of income-tax and for the continuance for a further year of the provision by which the interest on the securities in the Paper Currency Reserve are credited to general revenues. There is only one feature of the Bill to which I need particularly refer, namely, the provision to impose specific duties on splints imported for match manufacture and on imported match boxes. Our existing customs duty on matches is, as the House knows, a high one at the rate of Rs. 1/8 per gross of boxes. During the last few months a situation has arisen in which this revenue, which exceeds a crore and a half of rupees, has been seriously jeopardised. The import of matches into India is practically controlled by two large combines of manufacturers in Sweden and in Japan, and, in order to get behind our tariff wall, these manufacturers have arranged, and are arranging, for the establishment of factories in British India which will

import splints and match boxes and other materials, such as chemicals, for match manufacture, which will come in at the existing tariff rate of 15 per cent. *ad valorem*, the process of manufacture out here consisting in nothing more than dipping these splints. On the Bombay side no less than 8 of these factories have either already been constructed or are in course of construction and practically no orders have been sent for imported matches for the last two or three months. On the Bengal side, the position is not as yet so far advanced, but it is not too much to say that unless this particular provision is passed the greater part of our revenue from the duty on matches will disappear in the course of the next few months. The rates at which the specific duties have been fixed have been carefully arranged so as to give the people who have started this new industry, if such it can be called, an appreciable advantage over imported matches. They will not operate to extinguish that industry in any way but they will secure to us the greater part of our existing revenue from matches. At the same time, this provision will preserve the very useful protection which is now afforded by our import duty to the true indigenous match industry in India which works with Indian material and Indian timbers. The recommended Bill, therefore, does no more than provide sufficient funds to balance the Budget and to protect this one important item of our customs revenue.

I have told the House what the Bill does. I now turn to what the Bill omits. In the original Finance Bill a rate for salt duty was inserted at Rs. 2 per maund. It has now been reduced to Re. 1-4-0. When the Budget was introduced, both the Honourable the Finance Member in another place and I myself, while recognising that the salt tax is one with which sentimental considerations have become involved, did definitely make clear our view of the Government, that it was in the true economic interest of the country that a higher rate than Re. 1-4-0 should be fixed, so as to enable us to make some beginning with the reduction of the Provincial contributions and to enable more funds to be provided for nation-building services. At the same time, it was clearly recognised that in the conditions of the present year a rate higher than Re. 1-4-0 was not actually required in order to balance the Budget. It was not essential for carrying on the administration, and therefore in the recommended Bill a rate of Re. 1-4-0 has been fixed. I must explain to the House again what this means. It means that in the present year we can make no reduction in the Provincial contributions. It means that next year also we shall have to make up a gap of two crores and 16 lakhs before we can even arrive at a balanced Budget. It means, in fact, and I speak here with the full responsibility of the Finance Department, a continued era of the most rigid economy in all Departments. It means that it will be much more difficult for Government to provide funds for those objects which many Members of this House have at heart and which have found expression in recent Resolutions in this Council. Further, the recommended Bill omits certain beneficial provisions in connection with our tariff. I refer particularly to the proposal to reduce the excise duty on motor spirit and the import duty on petrol and the proposal to reduce the rate of duty on certain component parts of cotton mill machinery. These objects are undoubtedly desirable, but it cannot be contended that the reduction of these duties is essential for the interests of British India, and they have, therefore, been omitted. The credit, or discredit, for this state of affairs must rest where it is due, and that is, on those who refused even to consider the original Finance Bill.

[Mr. A. C. McWatters.]

I turn now to some of the amendments which have been placed on the paper. This is not the stage at which amendments can be discussed in detail. But this particular Bill is peculiar. The main principle of the Bill is to provide sufficient funds to balance the Budget and also to maintain our existing postal and income-tax rates. I think, therefore, that I shall not be out of order in giving some reasons for the maintenance of those rates and in showing how some of these amendments would have the effect of infringing the principles of the Bill. I take first of all the proposal to reduce the postcard rate from half an anna to a quarter of an anna. This would involve a direct financial loss of from 45 to 50 lakhs. When the original rates were raised two years ago, the fall in traffic in postcards was something like 20 per cent. The actual figures were 648 millions in 1921-22 and 525 millions in the following year. Some of that loss has since been made up. But even if we assume that the existing traffic will be increased by a full 20 per cent., the loss would, as I have stated, amount to 45 or 50 lakhs. I may mention one point of some importance. It is sometimes assumed that the increase in the postcard rate has affected most seriously the people in the mufassil. Detailed inquiries have been made on this point and it has conclusively been proved that the falling off has been mainly—almost entirely—in the big cities, while the falling off in the mufassil has been comparatively small. But this is not the whole loss. The proposal, as it stands on the paper, is to reduce the rate for postcards but to leave the rate of one anna on letters intact. I need scarcely point out to the House that this is entirely unscientific, and the only result of it must be to divert a certain amount of traffic from the more profitable letter to the less profitable postcard. We anticipate that the additional loss from this would be 10 to 15 lakhs. So, it is not too much to say that the proposal as it stands would amount to a loss to Government of not less than 60 lakhs. In addition, it would be necessary to increase the staff to deal with the extra 20 per cent. of traffic, and yet this extra 20 per cent. would be traffic carried at the most unremunerative of all our rates. But I should like the House to look at the question also from the point of view of the Post and Telegraph Department. Two years ago, before the rates were raised, that Department was working at a loss estimated to be not less than 128 lakhs. We anticipate that during next year there will be a profit of 24 lakhs. And here, I should like to clear up one misconception which I know exists in the minds of certain people. In the detailed statements of the Post and Telegraph Department, the figure of Rs. 111 lakhs is shown as the contribution of the Department to general revenues. But this does not mean that the Department is working at a profit of Rs. 111 lakhs. That figure is due entirely to the method by which stores for the Department are accounted for. They are first of all debited to general revenues and placed in suspense, and subsequently, when required for use, they are taken from suspense and credit is given to general revenues. I will read paragraph 6 of the detailed statement:

"It will be clear, therefore, that the contribution to General Revenues made by the Posts and Telegraphs Department as shown above is composed of two elements—(1) The actual profit estimated during the year as per Profit and Loss account and (2) the amount by which the reduction of the stock balance exceeds expenditure on Post Office buildings, stores, etc. The net figure reached as a result of the transactions under (2) represents the return to General Revenues of sums previously taken from General Revenues for investment in stores."

The actual profit as shown in the profit and loss account of the Department for next year is estimated at Rs. 24 lakhs. But I may say that this figure is somewhat flattering to the Department, for various reasons. In the first place, the commercialisation of the Department has not yet been completed and the Department still does not pay interest on the whole amount of its capital. In the second place, as Honourable Members know, there are large schemes in progress for developing postal facilities in rural areas. These branch post offices cannot be expected for the first few years to work at a profit, and this most desirable extension represents therefore a heavy liability on the Department. In a big Department of this kind also there is a normal increase in the cost of the staff, represented by the annual increments of salaries, which is estimated to be some 12½ lakhs per annum. There is the constant and quite legitimate demand for improving and speeding up services and extra payments for carriage of mails and payments to the Railways and so on. The net result is that the Department at present is working barely at a profit. There is no margin, and it is quite impossible to make a big reduction of this kind without making the Department a burden on the general tax-payer.

I turn now to another amendment in connection with the Postal Department, namely, the suggestion that there should be a reduction in the rates on Book, Pattern and Sample packets. This stands on a somewhat different footing. It is true that we estimate that there would be a loss of some Rs. 10 lakhs if this amendment were given effect to fully. At the same time, in connection with representations which have been received, we are examining this question, because it appears there may be some case for reducing the present rate for book packets. But I will point out to the House that it is quite unnecessary to amend the Finance Bill in order to give effect to any such change. The rates fixed by the Schedule to the Bill are maximum rates, and it is within the competence of Government to make any such change should it on inquiry be found desirable.

I will now turn to the amendment in connection with the Income-tax Schedule. One Honourable Member proposes to alter the Schedule attached to this Bill in order to remove that portion of it which provides for companies and registered firms being taxed at the flat maximum rate. I think that this amendment has been suggested under some misunderstanding. The Honourable Member has probably lost sight of section 48 of the Income-tax Act, which provides that individual assesseees are entitled to refunds if on considering the rate at which they are taxable on their total income they have paid at a higher rate at the source. I need not trouble the House with the question of registered firms. In their case it is almost invariably the practice to tax partners direct and the taxation of the firm is purely formal. But in the case of companies, where there are numerous share-holders, the position is different. The taxation of companies at the source is of course a procedure which is practically universal in all countries and is one the advantages of which are obvious. But if you were to tax companies at all sorts of varying rates, it would be extremely difficult to give refunds. You may find an individual assessee who holds shares in a large number of different companies several of which have been taxed at different rates and you can imagine the difficulty which would be incurred both by the income-tax staff and by the assessee himself in calculating the proper refund;

[Mr. A. C. McWatters.]

you may even get the anomalous situation of an assessee with a large income who is taxable at a higher rate than the rate at which some of the companies in which he holds shares have been taxed at the source. The net result of the amendment which has been suggested would be in the long run to leave both companies and individual assessees in exactly the same position as they are at present, but the grant of refunds to the assessees would have been immensely complicated. I hope that the Honourable Member will, in view of this explanation, not wish to proceed with this particular amendment.

I have mentioned these amendments at this stage partly because I desire to show that they infringe the main principles of the Bill, but more particularly because I wish to emphasise to the House the great importance of this House accepting this Bill unanimously and without amendment. It is true that the Bill is a recommended Bill, and even if amendments are passed it does not necessarily follow that they become law. But it does mean, if the amendments are passed, that the House has refused to pass the Bill in the form recommended by the Governor General. The House has here a privilege and a responsibility. I may say it has the privilege of sharing in a great responsibility. Government attach the greatest importance to the unanimous vote of this House in favour of this Bill. They ask for your support. What will such a vote mean? It will mean that this House has given its support to the principle that constitutional progress should be orderly and has refused its concurrence to the dangerous theory that political development can be in any way facilitated by irresponsible and obstructive tactics. This House has always enjoyed a high reputation for statesmanship. It has an opportunity of maintaining that reputation and I know it will not fail now.

THE HONOURABLE THE PRESIDENT: Before the House proceeds to the consideration of the Bill, I wish to say that, though I allowed the Honourable the Mover to deal in anticipation with amendments that have not yet been moved, for the reasons that he has himself given in his speech, I would request Honourable Members not to discuss on this motion the details of particular amendments they may desire to move. I hope my point is clear to the House.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (West Punjab; Muhammadan): To-day is the day for which I think this House has been devised. We have to-day to put right a matter without which the country cannot get on, that is, the sanction of the money which has been withheld in another place. I do not think that the Bill, as it has come to us, is a perfect one, particularly, the sum of Rs. 2,000 is a very high figure for income-tax. If that were brought down to Rs. 500 that would have given more money to the Finance Department and equalised the burden between the zemindar and the money-lender, because even though a zemindar gets a very small income from his lands he has to pay a portion to the Exchequer. I have seen the working of the Income-tax Department myself. There are some officers who say that so much money has been earned or the firm or person concerned as profited so much. In reality, it is not so. In the same way the firms or persons actually spend more than they are supposed to do.

I am very sorry that the salt tax has been reduced. I can say this generally, that the public is never touched by it: it is entirely a sentimental question. All markets are full of salt which was bought at a particular rate, and they are not going to sell that cheap simply because Government have reduced the duty on it. So, during the whole of the year salt will be sold exactly at the same rate as it is sold to-day. The consumer will not be benefited. The only man who may be affected is the wealthy dealer. From the time of the war onwards the wages of the labourers and others have suddenly risen, but the cost of living has gone down; so that the poor people get more money and live cheap. Therefore, if one more pice is added to the cost of the salt, it is a very insignificant additional expense which deserves no notice. The difference between newspaper politicians and ourselves, who deal actually with the people and know their daily requirements, is that we know that the masses are not really affected by that increase.

As an agriculturist I feel the high duty on petrol. We were very glad when we heard that it would be cheapened because we require it for engines which are used in agriculture. But as we cannot say that it is an absolute necessity, I cannot say anything more on it. All these things, however useful they may be individually, dwindle into insignificance before a big question like the one before us to-day and we ought to pass this Bill unanimously to show that we are politicians of a more ripe experience. There have been parties in our country always clamouring that they want to associate themselves with Government in order to put right their mistakes. All that talk has been wrong, because directly they have come, instead of mending matters they have tried to end them. They have various names, Swarajists and Nationalists. The word "Swaraj" as used in our country means "It has got nothing to do from without." I do not know, then, how people can translate that word into a "system of government on the lines of the self-governing Colonies within the Empire". Even in England the people are misled by men who are sent out from here to advise them into believing that "Swaraj" means self-government within the Empire: they are mistaken in that impression.

12 NOON. I think, Sir, that the parties mentioned above have gone as far as they could in obstruction and I can safely say that if they had it in their power to get this Government out of office they would have done it. Education in these days is expensive and generally those who have got money, that is the commercial classes can get it. They want to do everything on a commercial basis. They think that when they have spent so much on their sons they should not only get that money back but also with interest. So there are many educated people and a small number of appointments, and they can only think of getting rid of the best British officers and taking their places; but whether they could do their work satisfactorily is a thing to be considered. Hitherto some men who have got a stake in the land have considered their position to be strong and they have not combined as others who want to organise themselves so as to get these appointments. That is a particular kind of oligarchy and various mistakes have been made by which people in the country think that Government are going to hand over their power to this oligarchy. For this reason friends of the Government, especially those who have been wavering, have been getting less and less and their ranks have been thinned. That is one of the causes that we have observed.

[Colonel Nawab Sir Umar Hayat Khan.]

Another is that in the Provinces there are men, who value their self-respect a bit and they are afraid of coming forward to stand for election and that is why they have not come forward. If some of them have put up their candidates they have put them up for the Local Councils as they had no chance to come into this House. So the other House has been absolutely a sort of prey to the organised party and that is why they have been able to secure so many places. That is one of the causes of their coming in to the Assembly. Another thing is, and I have been told so by very many responsible members that there were many men absolutely on the side of the Government the other day who were either taken away or were asked to absent themselves or were not present. Had they been present this difference of three votes would not have taken place.

THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY: Is this in order?

THE HONOURABLE THE PRESIDENT: An appeal has been made to the Council to pass the Bill unanimously and some of the Honourable Members' arguments are certainly relevant in that direction.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: There is another thing. If there is an outgoing power and an incoming power during the time of transition naturally all those who think that the incoming power is strong will try to side with that. Now as that power is with a party people think that Government will soon be handed over to that oligarchy that I have been speaking about and that it is no use to stand by the side of the Government. If I may be allowed, I will just say that this Bill was not rejected on its merits, because the money was sanctioned and then when the time came to pass the Bill, owing to certain tactics, it was thrown out and most of the speeches which were made there were not exactly on the salt tax or some other tax but on a bigger principle, and I hope that I will be allowed a little latitude when I try to say something on that. I may say about the reforms that if Government had kept a good many nominations in hand the people of the country would have thought that they had something to gain from the Government also, and you would have got some men of responsibility into the Councils who may not have been much good at speech making but would have known that nothing could be done without money and at any rate they would have sanctioned the money necessary for administration. Then about making ourselves into a nation and getting Swaraj. It is for this that two parties have united to oppose the Budget by these tactics, so that they may gain their object early. That was the ground on which this Bill was turned down and I hope I may be allowed to speak on this point. India is a continent just as big as Europe, and if any politician can think that the Germans, English and French can become one nation, surely India can become one. Moreover, here there is a difference of religion, difference of language, differences of stamina or strength. Some men come from the fighting races and others do not, and directly there is Swaraj one party will wipe out the other. Then again there is the difference of religion. Some religions are embracing religions; others are non-embracing. Hinduism being non-embracing the Muhammadans could not become Hindus. The only other way is conversion into Muhammadanism. I told the House the other day . . .

THE HONOURABLE LALA SUKHBIR SINHA: Is the Honourable Member in order in referring to these irrelevant questions and matters?

THE HONOURABLE THE PRESIDENT: I did not quite catch the Honourable Member. Will he repeat what he said?

THE HONOURABLE LALA SUKHBIR SINHA: I want to know whether the Honourable Member can refer to these irrelevant questions and matters.

THE HONOURABLE THE PRESIDENT: The position is a somewhat peculiar one. Supplies have been entirely refused in the other House. I am not inclined to restrain debate too strictly.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: If we can get Swaraj then I would not say a word. It was a wrong thing to obstruct the Bill for the sake of Swaraj. I told the House the other day that an attempt was made by a Saint to make these two religions into one but unfortunately a third one, i.e., the Sikh was created. Later the great Moghul King tried to unite the two religions by intermarriages but he could not do it either.

It was only in the time of Aurungzeb that he thought of making the Indians into one people by conversion, but he had not the time to do it. All that I want to show is that, according to our beliefs, Muhammadans must be Muhammadaus first and Nationalists or anything else afterwards. We are plainly told this, that the *mushriks* will never be our friends. We have seen that proved in the Punjab where, as soon as we asked for equality of treatment and rights in municipal councils and in the matter of education, etc., it was not only refused to us but some very prominent gentlemen in big cities, who might be expected to be more advanced in thought, resigned their seats on the municipalities as a protest, and the general result is that a great deal of trouble has been created between the two communities. All I want to prove is that it is absolutely impossible to unite the Indian people into a nation. Well, if that is so, what is the outcome? If there is no united nation; if a united nation cannot be made out of all the conflicting elements, because of the reasons which I have put before the House, the outcome is that they cannot get Swaraj. Also, Sir, there is a saying "History repeats itself." And all those who have read history know that India has always been invaded and invariably conquered during many past centuries. But it is not only a matter of history, Sir. The geographical position of this country has also something to do with it. Take any of the countries in the torrid zone—Indo-China for instance; it is under France

THE HONOURABLE THE PRESIDENT: I do not want to stop the Honourable Member unduly, but he really must get through his point a little bit quicker.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN: Yes, Sir. Well, going into the East, take all the islands. Turn to the west, all Africa. It is all under the influence of Europeans who are a more vigorous people, coming as they do from much colder climes. With the people here, however, I think it has either something to do with malaria (Laughter)—Well, whatever it is, it is there. The outcome is always the same, that is they

[Colonel Nawab Sir Umar Hayat Khan.]

have been constantly conquered and remained under foreign rule. So, Sir, there are three alternatives left. One is to have a neutral Government such as is now in power. The second is Muhammadan rule such as there was for eight or ten centuries; but they were carrying on the administration exactly in the same way as the present Government. And the third one is to wipe out both of them and have a Hindu Raj. But even then it will be exactly the same. They will again be conquered by some other people and all the progress which we have hitherto made would be swept away. So the best thing is to pass this Bill and retain our present Government. Because, if the Germans, for instance, had come here would they have allowed us to sit here and talk on these various subjects? (Laughter). Then, Sir, if this House did not exist and His Excellency did not interfere with the decision of the other House, to begin with the official Members here would have been out of employment to-day (Laughter). There would have been no army, no police or anything else. Then if some of these gentlemen who wanted to bring about such a situation were killed or robbed, or if an invader came in and took possession of this country, who would have been responsible? Without money no Government can carry on, and I think we ought to pass this Bill without any amendments and unanimously so as to show to the world, and particularly England, that there is a section of people who want to run the reforms and not to wreck them.

THE RIGHT HONOURABLE SRINIVASA SASTRI (Madras: Non-Muhammadan): Sir, the Honourable Mr. McWatters has made his motion in a speech which, if he would not consider me impertinent, I would say, was characterised by the two admirable qualities of brevity and discretion. I hope in my remarks I shall be discreet. I am afraid I cannot be as brief as he was on the point I shall take up. He appealed to the House to pass this Bill unanimously and without amendment. I am quite willing for my part, Sir, to respond wholeheartedly to that appeal. (Hear, hear). But I must say that the meaning he proposes to put upon such a unanimous and non-amending vote is not exactly the meaning that I would put upon it. He said that a vote of that sort would mean that this House, in view of its position and prestige, had practically declared that progress of a constitutional character should be by steady steps and in well-considered stages. (*The Honourable Mr. A. C. McWatters*: "Orderly was the word I used.") Orderly stages. If he did not use the word "stages" I hope I am quite right in interpreting his mind. (*The Honourable Mr. A. C. McWatters*: "Orderly means without disorder.") I am very pleased that the Honourable Mr. McWatters discountenances disorder but not haste. It appears to me that, apart from what he said, there is a feeling that this House ought to declare itself, if it were possible by its vote on this motion,—ought to declare itself in favour of a steady and ordered progress towards constitutional advance. Sir, it is very difficult without a definite subject being raised to allude with clarity to what took place elsewhere. That, however, I would try to avoid, keeping myself to the task of making the position of myself and a few others in this House who think with me clear and beyond possibility of misrepresentation. I am one of those, Sir, who think that with a few amendments the demand made in another place for definite constitutional changes is one to which, as a lover of ordered progress, I could have given my hearty support. If it had been made in this House and if it had not been made by me, I

would certainly have given it my cordial support. To make matters even more clear, I should say perhaps that what I would have asked would have been complete autonomy in the Provinces, combined at the same time with responsibility in the Central Government, excepting as regards the defence of the country and the Foreign and Political Department. To such a demand, I do not think that a Government that cared for the satisfaction of the wishes of the people and for their welfare should, in the circumstances of this country to-day, have returned a complete *non possumus*. However, my vote to-day, I would specially beg the House, should not be interpreted as meaning that I was in favour of constitutional advance by slow and numerous steps. It means this that I am not willing at this present moment to hamper the operations of Government to the extent that a refusal of supplies would hamper them. I do not think the stage has arrived in this country when serious-minded politicians should take that step; and my principal reason is that His Majesty's Government to-day is a Government in office but not in power, that, besides, they are new to office, and that occupying all the important Cabinet positions, they are more or less in the position of novices looking about for advice and for counsel,—nervous, perhaps, as to how to proceed, and anxious not to be put down as doctrinaires and rash politicians but willing to pay deferential attention to the advice of those who have borne responsibility before. A Government situated like that, it seems to me, is entitled to consideration at the hands of Indian politicians, who wish that their friends should remain strong enough to help them. I much fear that by the action that has already been taken we have embarrassed our friends in England; that the Labour Government have probably been feeling that their hands are weakened, that the advice that they offered to us not to hamper and embarrass them by taking strong steps of the kind that have been taken, has been ignored; they may perhaps feel that therefore they are not in a position to stand firmly and steadfastly by us. It is for that reason that I regret the course that has already been taken, and if in a small measure this House, by a unanimous vote yielded willingly in response to the exceedingly cogent demand made by the Honourable Mr. McWatters, should meet his wishes and pass this Bill without amendment and unanimously, I believe that we shall have done something, although not everything needed, to counteract the undesirable effects which might have been produced.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: General): Sir, this Finance Bill comes to us under very adverse and unpleasant circumstances. I say "unpleasant", because in the critical hour of the fortunes of the country, the Legislative Assembly has thought fit in a spirit of anger to reject the Bill *in toto*. Sir, the Bill was twice presented before that cultured and august body. In its original condition, the Bill purported to enforce or rather impose a duty of Rs. 2 per maund on salt, while it was abundantly clear in the speech of the Finance Minister that the choice to pass the Bill in that condition or in an altered or modified condition was left with the Assembly; and secondly, the Government had committed to be bound by the action which the Assembly adopted in the larger interests of the country. When the Bill was presented for the second time, it had not received the ordinary courtesy of a discussion. Even the Bill was not allowed to be admitted for discussion on the merits. Sir, I only refer to these matters not in any spirit of hostility to our Colleagues in the other House, but I think it my duty, as a Member of the Council of State, to refer to the unfortunate event, because it reacts

[Sir Maneckji Dadabhoy.]

not only on the financial history of this country, but it sullies and contaminates our past traditions and our past legislative history. Sir, I do not want to give expression to any comment which might be resented by my Colleagues in the other House. But I feel that whatever might have been the motive for giving such a summary and arbitrary treatment to a Bill of this important nature, whatever might have been the objective behind their action, whether it was their keen and earnest desire to obtain Swaraj for the country at an early date, or whether they wanted to emphasize their protest in unequivocal language by rejecting this Bill, I feel and I honestly feel that methods of this nature are calculated to injure irretrievably not only the political prospects of the country, but also to shake the very foundations of our economic and fiscal structure. Sir, the far-reaching effects of that course cannot be too severely emphasized. Honourable Members are aware whatever our desire may be for political advancement, and I share that desire equally with all my comrades, that our political evolution should be as early as possible, and that we should have a full measure of responsible government within the proper time. I feel I cannot but deprecate such a policy because I find that from an economic standpoint India has much to suffer, and will suffer, if such policy is pursued in this country. It is not for me to remind my Colleagues that every year we have to borrow large sums of money. We have to raise an internal loan which is called a Rupee Loan; we have to raise an external loan which is called a Sterling Loan. Even this year has been marked out for a loan of no less than 20 crores of rupees. It has not been definitely decided by the Government of India if that loan is to be floated in the country or in England. Probably it will be floated in the country. But just reflect what will be the consequences of such action on the stability of our finances. Do you think, it is likely, that this country will be able to raise these large sums of money not only in this country but also in England if an idea prevails, howsoever anxious and honest our Colleagues may be in the matter of furthering the cause of the country, if an idea prevails and gets abroad that the Government of the country is not stable, that her legislators are not steady and cannot be trusted? Are we likely to get large sums of money for the economic development of the country not only for the progress and advancement of the country but for carrying out even the ordinary expenses of administration? Sir, it must further be borne in mind that a policy like this will ruin the economic fabric of India altogether. There will be no trust or faith in any enterprise. There will be no trust in any new movement for the amelioration of the conditions of the people. There will be no trust in any scheme or any business enterprise that our Indian friends may try to construct or formulate for curing and relieving unemployment in the country and for making matters encouraging for this country. Sir, I endorse altogether the spirit of my Right Honourable friend, Srinivasa Sastri's advice that there should be complete autonomy for the provinces at an early date and that an element of responsibility should be introduced in the Central Government. Nobody can question this, but the delay for the introduction or rather the speedy introduction of these reforms would justify neither our Colleagues nor us in refusing to vote supplies for the ordinary conduct of the administrative machinery of the country. Sir, it is in this view that I deplore the action of the Assembly. I share the feelings that my Honourable Colleagues in the other House have advanced. I wish they had adopted better and more appropriate methods for emphasising their demands, ideas, and their wishes. This unfortunate and obstructive policy which they have now

adopted, instead of doing good to the country, will do incalculable injury to our hopes and to our aspirations. Already newspapers in England have begun to write leading articles condemning the attitude of the country, and what will be the sad effect of all this but to alienate the British people from India, interests and alienate their sympathy for the progress and advancement of the country. It is in that view that I deplore the action of our brother body in having rejected this Bill. I have no wish to dilate any further on this sad and unpleasant matter. The Honourable Mr. McWatters has appealed to our privilege and our responsibility. I assure him that that privilege will be exercised by this Council with that sense of high responsibility which this Council has on more than one critical occasion shown and proved, and I assure him that he shall have our full support and sympathy so far as this Bill is concerned.

Sir, I shall now briefly refer to certain provisions of this Bill not with the object of showing that we shall oppose any of its provisions or that we shall not pass it in its entirety as it has been presented in this Council, but in order to point out how adversely the country will be affected by the persistent and incomprehensible conduct on the part of the Legislative Assembly in having thrown out the first Bill which was more in the interest of the public generally and which would have helped to carry on the business of the country during the next year with greater ease and with larger funds. Sir, I am not exaggerating the matter when I say that the Bill as it has come before us has worsened the measure from the standpoint of the Indian tax-payer. True that the Bill has now been recommended with a duty on salt to the extent of Rs. 1-4 in place of Rs. 2. I shall refer to that matter presently. But as the Bill stands, it affects us considerably and, if the first measure, as originally framed, had been passed, it would have relieved the pressure on the country in certain important matters very considerably. The proposed removal of the import duty on grain and pulse was made on the advice of the Fiscal Commission. That Commission after great consideration recommended that the duty on grain and pulse should be forthwith abolished. It is true that that duty has been suspended for some time past, but it has not been definitely removed from our Statute-book and the action of the Honourable Sir Charles Innes in conceding this was extremely commendable. The duty on grain and pulse was about 2½ per cent. and, though not seriously affecting the trade, its abolition would be welcome on all hands. Next the remission of the petrol duty, as my Honourable Colleagues know, is a somewhat important subject, on which this Council as well as the Assembly have on more than one occasion pressed its demands on the attention of the Government, and that is the much coveted reduction of the petrol duty. In the Bill as originally presented the excise duty was reduced from 6 annas a gallon to 4½ annas. In the Bill as it is presented that concession altogether disappears, a concession which was invaluable in our present conditions of life where motors are not only a luxury but a necessity of business and of trade; that reduction would have been welcome and would have afforded a fair and solid measure of relief to the country. Again, you are aware that the cotton industry in this country is now passing through a cycle of extremely bad times. The industry at present is in a very critical condition. It is the second large industry in India and it may be regarded as the premier industry of the Bombay Presidency, a Presidency whose trade and whose enterprise have made the India of to-day and will make the India of the future. Sir Charles Innes, in his desire to afford some relief to this suffering industry at this critical time had agreed to a substantial reduction from 15 per cent. to 2½ per cent. on all bobbins, heels and other accessories that are required

[Sir Maneckji Dadabhoy.]

in the matter of the mill industry for the purpose of carrying on the mill trade. This concession would have been of great service and of practical value to the mill industry of the country at this juncture. But by the kindness of our friends in the other House,—the friends who at one time were so ready and enthusiastic on public and private platforms for the total abolition of the excise duty and who showed the white feather when the Resolution came up before the Assembly the other day in fleeing from that Resolution—they will realise what great disservice they have done to the country at the present time. Sir, in the same way, the growing gold thread industry, which is largely a cottage industry, helpful to the village people, will have a serious set-back owing to the tactics of the friends of the people in the Assembly. I refer to these matters because they are of considerable importance. This is the first year when Sir Charles Innes has had the opportunity of suggesting lower duties. On the use he proposed to make of that opportunity he is to be warmly congratulated by this Council and sympathy is due to him. But the tactics of our Colleagues elsewhere have prevented the fruition of his wise proposals.

I shall now only refer to the salt tax. When I discussed the Budget I distinctly declared that if the Legislative Assembly will reduce the tax to Rs. 1-4-0 per maund, this Council will not stand in the way of their decision and will help them. A splendid opportunity which that body had of rendering to the nation and to the Indian Empire a great service in this matter has been unfortunately and capriciously thrown away. However, we are extremely grateful that His Excellency the Viceroy has been guided again by his usual wisdom and statesmanship in the matter and that he has sent this Bill to this Council with a recommendation that the duty should be Rs. 1-4-0 and not Rs. 2-8-0. This Council and the country cannot be too grateful to His Excellency. I do not personally believe, Sir, as I have said more than once in this Council, in the economic argument against this duty. But I consider that the step that has been taken is an exceedingly wise one, because it will extinguish to a large extent the political ferment in this country and will cripple the hands and the authority and opportunity of the agitator who would have made this duty the pretext for carrying on further agitation in this country. At the same time I cannot but deplore the loss of a big revenue. I cannot face with equanimity the loss of Rs. 6 crores a year which is going to be our recurring loss in the future. In 1924-25 and 1925-26 our loss will be a little over Rs. 5½ crores. This heavy loss in the absence of other resources to recuperate our waning finances and our reducing income it is difficult to contemplate with any sense of equanimity. Further, this duty of Rs. 2 per maund would not have in any way seriously affected the poor and the ill-provided. On the other hand, it would have given a reasonable amount of money to Government for the relief of provincial revenues, a measure which would have been welcomed by the provinces in their present hard financial condition and would have helped them to tide over these critical years which they have to face. I warned my friend the Honourable Sir Basil Blackett the other day not to be too sanguine of our resources for the next year. I do believe that our revenues have not been rehabilitated to that extent which will be a dead wall in future against all deficits and which will enable the Government to carry on the administration of the country with due regard and attention to the sanitary and educational needs of the country. I fear that is not going to happen. I do not know whether the deficit of Rs. 88 lakhs which was contemplated this year has been already adjusted or not. At the same time there is another danger in these constant changes

in duties. The consumer prefers a steady percentage of duty to these constant dislocations even in the matter of taxation, and any one who has read any book on taxation must have noticed that the financiers regard with great regret and great apprehension constant changes in the fiscal tariff of any country. However, I do not regret the occasion. I think a great opportunity has been given to the country by the reduction in the salt tax in the matter of removing discontent and as a preventive to the sinister activities of the professional agitator. It is for this reason that I welcome this Bill, unsatisfactory as it is. I agree with my friend the Right Honourable Srinivasa Sastri that this Council should not press for any amendment at this juncture and that it should give its loyal adherence to this Bill as it has been presented to the Council.

Sir, there is one other matter to which I should like to refer before I resume my seat. It is in connection with our requirements, our monetary requirements in England in respect of which we make remittances from this country. I do not know if Honourable Members have noticed the change in the policy of the Government,—a change for the better, a change in the interests of the country. In paragraph 60 of the speech made by the Honourable Sir Basil Blackett he had made reference, brief as it was, to the new procedure introduced in the course of the last twelve months of sending remittances to England partly by the sale of Councils in London and partly by the purchase by the Government of India of sterling through the Imperial Bank of India. I find that he had also made a brief reference on the subject in his speech to the important Associated Chambers of Commerce which he addressed shortly in Bombay. I will just let you know the volume of our remittances by briefly drawing your attention to the fact that since the 1st April 1923, nearly £21 millions have been remitted to London. Of this amount £6½ millions were remitted according to the time-honoured and traditional system of Council Drafts, and a large sum of £7½ millions was remitted by the recently introduced policy of purchasing sterling for rupees in India through the Imperial Bank of India. That policy has already received approbation and generous approval from the commercial communities of Bombay, and I congratulate the Honourable Sir Basil Blackett on this achievement. The people have expressed their approval, but I should like a little more light to be thrown on this subject. I personally feel that the Honourable Sir Basil Blackett will welcome the opportunity of taking the Council into his confidence and giving us full and exhaustive information on the subject, and I feel certain that that opportunity, if availed of by the Honourable the Finance Member, will be very much appreciated not only by the Council but by the commercial communities of India.

Sir, I shall not detain the Council any longer. So far as I am concerned, and I am sure it is the unanimous wish of my Honourable Colleagues, I say that whatever our grievances may be, whatever our dissatisfaction may be with the Government of India over certain matters, howsoever they may have disappointed us in some matters, we shall not on this occasion withhold from them our support, and we shall give that support most cheerfully for the conduct of the administration of this country.

THE HONOURABLE MR. R. P. KARANDIKAR (Bombay: Non-Muhammadan): I really owe it to the two Honourable intermediate speakers who have restored this House to the composure which was necessary from my humble point of view to enable my few remarks to be received by the House in the spirit in which I wish to offer them. I am willing to observe certain limitations on the speaker,—time, relevancy and particularly, the

[Mr. R. P. Karandikar.]

temperament of the House. As to time, perhaps, though I was at one time labouring under the impression that most Honourable Members would be willing to spare more time for the speeches of those who may not have already spoken, I have no grievance. I shall limit myself as much as possible within the short time that may be assigned to me. I know, Sir, that you have been indulgent to those Members who have adorned this House long before I arrived here, and you have encouraged me as a newcomer here, and I offer you my thanks, this being the last occasion on which I may find you in this Chair. As regards relevancy, I find that those who belong to law, have often learnt how to make a point relevant, but I am afraid that it is not so much the motion before the House directly that is responsible for the speeches at all as perhaps what is said by individual speakers from their own point of view, which the successive speakers seek to controvert. I shall try to desist, as far as it possibly lies in my power, from referring to points which are really not relevant to the subject but merely rake up certain matters which I would not place before the Council on the principle of *audi alteram partem*. Never condemn persons unheard; never speak about people who have no chances of replying to us. People living in glass houses must not throw stones at others. I shall, therefore, content myself with a few observations on certain matters.

I would like, if permitted, to enlighten the House as to what the expression "Swaraj" means. I am not going to define it. I have been learning the literature for the last eighteen years, and one of the best members of the judiciary was called upon to decide what that expression meant. But it will suffice for me to say that we are so familiar with the expression "Swaraj" as to find the very word in the Royal pronouncement. It does not therefore lie with anybody to say that hereafter he cannot assign a proper meaning to the expression "Swaraj". But I may hold up the finger of caution to those who by its incorrect pronunciation understand it is "Sivaraj". Nothing of the kind. I can assure Honourable Members, if that august personage Shivaji were to come down to us and say, "Appoint me a monarch of all India", we will not do it, we democrats will not do it. We will not allow any particular individual to come up and ascend the throne as Sivaraj or anybody else. Honourable Members may rest satisfied that the expression "Swaraj" has got nothing whatever to do with that meaning which perhaps may be derived from a wrong pronunciation of the expression "Swaraj".

I now come to the matter of the solemnity with which the proceedings of this House ought to be conducted. That is my limitation. While going through the literature of the past meetings of this Council I came across a certain discussion due to a motion made by the Honourable the Leader of the House. I would not refer to it but for this reason that at one

1 P.M. time (I hope the President will allow me to say so) the President was good enough to observe "As Sir Edgar Holberton pointed out the members of this Chamber are also not young men. They are possibly not entirely decrepit. Still they are on the verge of decrepitude" (Laughter). I never realised it. I must confess until I found that a very very salient, cogent and inoffensive statement made by the Right Honourable gentleman while dealing with the question of South Africa perhaps unnerved some of my best friends in this House. I do not know what they would have done had they been in the other place to which they have been making occasional references.

I would only point out that, though we may be thought to be not quite decrepit but verging on decrepitude, I assure you, Sir, we have not lost our heads and that we have got sound bodies and sound minds. Even assuming for the moment that some of us do not have sound bodies, they carry good heads on their shoulders and it is in that spirit that we approach this Budget or rather this Budget approaches us. Reference has been made to the attitude of the other House. I am not here to defend them. They do not require our assistance. They are sure of their own position in the country.

THE HONOURABLE SIR MANECKJEE DADABHOY: So are we sure of ourselves.

THE HONOURABLE MR. R. P. KARANDIKAR: Quite right. I only like to refer to the history of this Budget and Bill. I would not take you long into the history because historians are never brief and sometimes they are as brief as the longest document in the case. But I would ask you to consider this. Who was it that drew or rather threw certain individuals into the fold of other men? People have been referring to Lord Olivier's speech now and again and they have been quoting it often. Lord Olivier's speech, I take it, is as blunt, straight and honest as a Labour pronouncement can be. What I want to say is that in that speech Lord Olivier has said that certification was rightly regarded as a slap in the face. And who was it that received the slap—not the Swarajists. They had not appeared on the scene then. And the law of retributory justice has come in in the dispensation of Providence. Those that advised the Viceroy then to certify in the face of opposition have no reason to clamour because of the attitude taken up by the other House. There may be excesses. Who is free from excesses? I would therefore ask this House to dispassionately consider the position. I am a Swarajist and I will say what I would like to say in the interests of the public. It was not the sole desire of those who struck off this Bill to assert their party feeling because the Swarajist section, if they had not been supported by the other party would have done very little. I can guarantee that. Honourable Members who were present there will bear out my statement. The position of the Swarajists in the Assembly now is the same as the position of the Labour party in the House of Commons. One section cannot do anything without the help of the other, and when people unite to make a common cause is it because commonsense has left them? Because they have run wild like that, the wisdom of this Council is proclaimed to the world. We may accept it. Because they have thrown out, we have a chance of approaching this Bill and I welcome the announcement of the dire necessity of supporting the Bill as it is. I am not referring to my amendment at this stage and I will not refer now to the criticism made as to the difficulty of accepting. I will give thought to the matter. I know that this Bill has not been sanctioned by the elected representatives of the people, but I am willing to take this Bill as a Bill proceeding from the trustees. They may be the self-appointed trustees but it serves my purpose, as long as they are the trustees of the people. I believe they are and in that spirit I welcome the Bill. This Bill is ushered in to us by two guards, one is certification and the other is recommendation. We respect them all and when I reflect for the moment that it is a trustee's Bill I am anxious to see whether that is consistent with the attitude of the trustees who will hand over the charge of the trust in course of time as they proclaim from time to time. and in this behalf and in these circumstances I am looking forward to see whether the trustees have refrained from making

[Mr. R. P. Karandikar.]

any very radical changes in the Budget, and from that point of view I welcome the decision to defer separation of the Railway Budget from the General Budget. The Railway Budget, as was pointed out the other day in connection with some other Resolution that was before us, refers to the revenue and expenditure of a certain department. If every department for the matter of that were to claim to earmark for itself all the profits, where is the money for the treasury to come from? It is inconsistent with the principles of public revenue to allow every department to have earmarked to itself all its profits for the progress of its own transactions. However much I sympathise with the object of the separation of the Railway Budget from the General Budget, I know that the Railway Department is hampered by what is known as lapses. I am not quite sure that in subsequent years the lapses have been ignored or the deficient funds not made available to the Department concerned. I have not come across that and possibly my remarks here may not be quite correct, and I shall be quite satisfied if I am referred to some public literature on the point.

As regards the depreciation fund, for instance, it is absolutely necessary, but provision could be made for all these things, and before the country decides to separate the Railway from the General Budget many more cogent reasons would certainly have to be given to satisfy the country that the change is advisable in the interests of the tax-payer. Railways, for instance, which have so far been supported by the tax-payer should not be too forward in suggesting that they should now cut adrift from the trammels of the public exchequer. Those that have been enriched in times gone by have to support the Departments concerned. That is another matter for consideration. But I am anxious that no such differentiation ought to be permitted, because I am afraid that this would be a case of another Military Department. We have already been deprived of the control over the Military Department. That was possibly because we have no experts, and we have no experience of railways. But what is being done to make the people able to shoulder these difficulties and responsibilities? Feeder lines, in the nature of a kindergarten system, ought to be set up; syndicates and boards ought to be formed from whom it might be possible to select Agents of railways and to fill higher posts in that Department. What has been, what is being done, in that direction?

The same is the case with the Military Department. I do not wish to tax His Excellency the Commander-in-Chief's memory—he has been sufficiently taxed in the other House. But it struck me, while going through the literature which he has been kind enough to supply to us, that the police are the handmaids of the military in the internal administration of this country and the military have to look to external enemies or friends perhaps from whom we will desire to be saved. What is this trouble about? I know, Sir, that there is a small strip of land known as Waziristan, which lies between two powerful nations, which has been troubling the Military Department for a number of years. Perhaps it is less now than it was. But how is that difficulty to be got over? By the determination of boundaries? We have been treated to literature bearing on this point culminating in the Durand Boundary Commission. But who will eventually determine the boundaries of India? Would it not be the people of India who ought to determine it? I know, that under rule 72 of the League of Nations the qualification for membership is stated to be that if the boundaries of a nation are not fixed and their finances sound they are not eligible applicants for entry into the League. Can we not make India capable of

entering the League of Nations by enabling her to determine her own boundaries? But it is said that is a scientific matter. But wherein does the science lie? It is the science of expenditure. Why wait for that scientific boundary? Can we not arm our own countrymen, our own brothers who are frontiersmen and as loyal as anybody else could be? Can we not ask them to protect their own hearths and homes instead of stationing the military over there? I am just reminded of a statement on this point by Coleridge. He says that if you have external protection extended internal self-government suffers; if you protect internal self-government there is no reason for external help. But I say why cannot we arm our loyal fellow subjects on the frontier and ask them to protect their own hearths and homes and the rest of India? That is a thing which is absolutely necessary under the existing conditions. It may be said, never mind, I will give the Military Department double the money that they want. (*His Excellency the Commander-in-Chief: "Hurray!"* Laughter.) Provided you do not allow another General Smuts to say what he has said. General Smuts is reported to have said to the face of Dr. Sapru: "Here, you have a small British community, a handful of settlers, who find themselves pitted against the mighty Empire of India—surely it is mighty since 50 per cent. of its revenue is going to the military who find themselves against overwhelming forces and who, although they are the most loyal community in the British Empire, consisting mostly of ex-army men, had in the end to go to the length of almost threatening force in order to maintain their position". I would have liked to appeal to His Excellency and asked him to make a gesture to these people that no threats of this kind are welcome. Is there not His Excellency there who would say to the people outside: "Why are you talking like that? Threatening whom? Great Britain? For whose sake? India's? And is not our Military Department such as to strike terror into the hearts that humiliate India"? But it may be, the Army in India is not the Army of India. But I will venture another supposition. I should think His Excellency was also permeated with the thought that India is always generous. Take the statements flung at us outside India. "Those people have now lost their heads in India". It is those Kenya settlers who are presuming too much. Little did they know at that time that there was an Army in India under the efficient command of His Excellency the Commander-in-Chief. Whatever that may be, it is not necessary. India would have sent out troops over there if England wanted it. India has no navy. But I deprecate any idea of that kind. I deprecate a discussion of this kind, inasmuch as I would deprecate the thought that the Kenya settlers were going to frighten us. I myself did not believe that for a moment, but when I went through the speech of General Smuts then I had to believe it. If that is so, let us consider in what way we can help the Government. There are three ways. One is to supply money for the purpose of replenishing the Treasury on account of the deficit caused by this stupendous military expenditure. But are the people of India going to be sacrificed? I am quite at one with those Honourable Members who have been, I will not say very lavish, but very considerate in giving praise to the Government of India. The difference between these Liberals and the present Swarajists consists in this, that while according to the methods of the old days, the Liberals would have moved a Resolution saying, "While congratulating the Government, on so and so, this meeting urges on the Government so and so" in their present mood the Swarajists would say, "We know all that, we have been enjoying all these, what is the good of telling the people that we have

[Mr. R. P. Karandikar.]

been enjoying all these benefits, we want to go straight to the point". I am not at one with those who consider that the attitude of the other House was entirely unreasonable. I will not reproduce the very precious remarks that have fallen from my Honourable friend, Sir Maneckji Dadabhoy, while speaking on certain matters. he has been flinging at this and that and using expressions; if he had used a single one of such expressions outside this House, in public, he would have learnt the fruit of it. But I am not here to support anybody. What I am anxious about is that we have to avoid all these things, particularly on a Resolution on which we want unanimity. We want unanimity. But unanimity in what? What is the good of raking up old history?

What I wish to say about this salt tax is that it is obviously clear that it is very difficult to agree with the first Honourable speaker that it should have been Rs. 2 and that there was a large quantity of salt in the market. This subject has been taxing the brain of every Indian and I know of every British statesman. I have just looked up what was presented to Parliament in 1853 as being the religious view of the Company's Charter. In 1853 what was the condition of the salt duty? The tax on salt was heavy. It is from that time onwards up till now that I find that not one-tenth of the attention which used then to be given to the subject has afterwards been given. It is very necessary for the Indian people to have pure, wholesome salt, to avoid diseases that undermine Indian health. In the matter of the sale and strength of spirits we have been devising means to secure purity. We want to have it in our power to regulate the sale of salt and therefore the tax, not for revenue, not to punish people; and in the matter of salt we want to take steps so that people who eat salt may depend upon having pure, wholesome salt, which is a necessary ingredient. In days gone by imported salt was taxed much more heavily than salt manufactured in India. Then the whole salt tax was brought up to the same level. People were accustomed to look upon it with equanimity. Then it rose again gradually. That is the policy. We have merely to check that policy. We want to see for ourselves whether imported salt agrees with the people and if so, whether it has to be encouraged, and to be encouraged on what conditions; and if it were possible for me to argue upon the Bill on the basis of Rs. 2 per maund, perhaps I would have suggested that Rs. 2 might be maintained for imported salt, while the duty on salt manufactured in India must be still further lowered. Only 5 or 6 annas a maund are needed for maintaining the establishment for enabling the people to have pure salt. The extra money goes into the Treasury, and I am happy to find that the Government of India have seen the wisdom, after all, of reducing the duty to Rs. 1/4, and I congratulate the advisers of His Excellency the Viceroy on coming to this decision. Some Honourable Members have referred to the Legislative Assembly as the "other House". I want to point out that the Assembly is a part of the Legislature, and why not say in reference to them, "the Assembly", why say, "the other House" as if it was a foreign body? I say it is our Legislature; both go together. If they march on forwards, we can follow them in establishing a better system of civil government. Why find fault with them?

Sir, I have great pleasure in welcoming this Bill; and when the time comes, we shall consider the propriety of the amendments which will be put forward.

THE HONOURABLE MAHARAJADHIRAJA SIR RAMESHWARA SINGH (Bihar and Orissa: Non-Muhammadian): Sir, I rise to support the Bill and to express

a strong hope that the Council, realising to the full its responsibilities, will accept it as it stands without any hesitation.

The actual Bill leaves less to be said about itself than one had hoped a few days ago. It has necessarily been so scrupulously cut down to the barest of bare essentials that comment may well be more appropriate as to what it has had to omit rather than what it contains. The Bill as it stands has necessarily left all users of petrol with their old grievances, which they will no doubt continue to urge, about the high price of petrol in India compared with the price in the United Kingdom and other places further than they are from the source of supply, and it has also prevented a discussion on the reduction of Provincial contributions, which must have been of the greatest interest.

I am very glad that the hope I had expressed last year that the salt tax would be a matter of a year or two only has materialised so soon and that it has been brought down to its former incidence.

We must all hope that the apprehensions of the Finance Department will not be fulfilled and that the reduction of revenue in future years through this reduction of the salt tax will not seriously embarrass the finances of the country nor prevent the question of some reduction of Provincial contributions being raised again next year.

THE HONOURABLE THE PRESIDENT: I think this is a convenient opportunity to adjourn the House.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE SRIJUT CHANDRADHAR BAROOAH (Assam: Non-Muhammadian): Sir, the novelty of this year's Finance Bill is in the procedure adopted for its passing. Being twice rejected by the Assembly it at last comes to this House as a recommended Bill. I do not like it. I am really sorry for this. I would have been very much pleased if the Bill had been discussed, amended and passed by the Assembly and then sent to this House in the usual course. But, Sir, the circumstances that have necessitated the adoption of an extraordinary procedure for the passing of the Finance Bill for 1924 have a lesson to teach, and I hope it will not escape the attention of the Government. It is this, that we should first read the signs of the times and then regulate our movements in conformity with them.

Sir, it is suspected in some quarters that those who rejected the Bill in the other House are the enemies of the Government and that they wanted to wreck the Government. I am not a Swarajist myself. I do not hold his views, nor do I hold any brief for him, but, Sir, I think I must say in justice and fairness that I am one of those who believe that the Swarajists did not want to wreck the Government but to mend it. Sir, among them there are men of brilliant parts, of exceptional abilities, eminent lawyers, persons of great integrity and strength of character, people who have made vast sacrifices for the sake of the country, some of the foremost leaders of public opinion and some of the best sons of India. These people knew perfectly well that, in spite of their rejecting this Bill, the Government of India would go on just as before, and that they would not be at a standstill for

[Srijut Chandradhar Barooah.]

want of money. By rejecting the Bill they simply wanted to show their protest against certain actions of the Government, but by no means to wreck it or to put a stop to it altogether or even to obstruct it in any material way. For we have seen that their action has not been and cannot be a real obstruction to Government at all.

Now, Sir, apparently whatever difference of opinion there may be between these people and those who do not belong to their school of thought, it cannot be denied that their ultimate object, their main goal, is the same as ours. They want complete self-government. We want the same. They want to protest against any action of the Government which is likely to be detrimental to the early attainment of Swaraj. We do the same thing exactly. They want to bring back the Government to the right path, whenever they think they are going astray. Well, Sir, I am sure every Member of this House, every well-wisher of India always tries to do the same thing. But while we want to do these things by persuasion and co-operation, they prefer non-co-operation. We hope that it may yet be possible to persuade the Government to see things eye to eye with us. They, on the other hand, are tired of our old methods, have lost all faith in them, have rejected them as fossilised and stereotyped, and have adopted new ones, which alone they think will be able to carry them to their goal. Sir, this is the only difference that I see between these people and those who think like myself; and this difference of opinion is due to the fact that different persons have different temperaments and therefore different ways of doing the same thing. One man may not be able to bear an injustice or a supposed injustice just as another and perhaps therefore may adopt means to remedy it which the other perhaps never thinks of.

I venture to think, Sir, that at least to some extent the Government are responsible for the present situation in respect of the Finance Bill. The Assembly wanted a Round Table Conference. The non-co-operators said that they would not co-operate, but they did co-operate and asked for a Conference. Now, I am fully prepared to believe that it was perhaps not possible to give all that was demanded; but I fail to see what harm there could be, if the Government said "All right, we give you a Conference." Then after the Conference, if the circumstances justified it, they could give us one small instalment of reforms; that would then be only just and proper; that would also be statesmanlike. But, if the circumstances did not justify this the Government could tell us quite frankly and candidly, "Here are the facts, look at the facts yourself and see that it is not possible for us to give you anything now. You must wait for some time more." But, Sir, the Government did not see their way to do this.

I will take another instance. We all want the Government to reduce the military expenditure by substituting Indian officers for the British. The Government say, "All right, we will do it; we are doing it gradually. We have given you a College at Dehra Dun for your training." Now it appears that by that process it will take 200 years to accomplish the object. Sir, this is the way of doing things which leads people to the assumption, the somewhat uncharitable assumption it may be, that you never really mean to do what you promise.

These and similar other things are doing incalculable harm. Sir, we are in close touch with the people. The Government always labour under the colossal mistake that they know more about our people than we do. The Government get their information from the subordinate police and the

subordinate officers of the other departments, who are not in the confidence of the people; while we, Sir, are of the people, of their own flesh and blood; we live with them, we mix with them, we move with them in every sphere of life. We know infinitely more about our own people than the Government do, and I can assure you that the Government are daily losing the confidence of the people. Sir, by people here I do not mean the educated, the agitating, the politically minded few, but I mean the uneducated, the unlettered and the most simple minded masses of India. We can feel the pulse of the people. When the Government wanted to enhance the salt duty, we knew that the people would not like it. We were able to foresee the consequences; and we opposed the enhancement. Nevertheless, the Government increased the duty. The people found with great amazement that although their leaders had said, although the Government had said that the Reforms would do them good, without giving them the slightest relief, one of the first things done under the Reforms was to increase the price of their salt. We shall perhaps be told that now that the salt tax has been reduced, we can freely go round the country and tell the people, "Well, it was an emergency tax. The emergency is now over and the Government have removed the enhanced tax" and that the people will accept the explanation. Those who say so do not realise our position. People believe that it was with our co-operation that the Government enhanced the salt tax last year; so, they do not believe us now as they used to do before. This is our position in the country now. This is to what it has been reduced by the action of the Government. As regards the reduction of the tax now, I am sure the credit for reducing it will neither go to the Government nor come to ourselves. It will go to some other quarters. The people will say that no sooner had the Swarajists entered the Council, they at once brought down the salt tax. The credit will be theirs. Sir, it was said this morning that the objection against the salt tax was sentimental. That may be so. But I beg to submit that sentiment plays a great part in human affairs. This has been one of the effects of putting down this sentiment. There is another to which I shall allude. It is the enhancement of the salt tax which brought into your Assembly and into your Councils a formidable party of men, sturdy men, to oppose you, to fight you and to obstruct you in everything you propose to do. This is again the effect of putting down the sentiment of the people.

My point is that Government are losing the confidence of the people. That is really a very serious matter indeed, and, if things continue to go on like this, I am afraid that in a very short time there will be left very few people in the country to co-operate with the Government; and without the co-operation of the people, the task of governing the 300 millions of this vast continent, from a distance of seven thousand miles by water, will, to say the least of it, be quite impossible for the handful of white men of a small island.

Now, as regards the Bill, Sir, I think this House will pass it. I am very glad indeed that the salt tax has been reduced to its former level; and I thank the Government for this. Some Honourable Members have put in amendments to reduce other taxes as well. I wish them success. I do not know whether the amendments will be passed or not. I am afraid that probably they will not be passed. But of this much I am sure that the House will pass this Bill whether with or without amendments. We have been asked to be unanimous in supporting the Bill. I believe we shall be unanimous, and if there is any division, I shall have

[Orjutt Chandradhar Barooah.]

to vote for the Bill. But instead of recording a silent vote, I thought it my duty to submit these few remarks and I have put them before the House.

THE HONOURABLE DR. MIAN SIR MUHAMMAD SHAFI (Law Member):

3 P.M.

Sir, I am confident that the very prudent and sound advice given by my Right Honourable friend opposite will be followed unanimously by all Members of this House. Indeed, after listening to the concluding words of the speech delivered by my Honourable friend, Mr. Karandikar, whatever little doubt I might have had in my own mind about the matter has vanished absolutely. Nevertheless, ardent advocate as I am of my country's constitutional evolution towards Swaraj or full responsible government, and jealous as I am of the reputation of this House for far-sighted statesmanship, I propose, with your leave, Sir, to invite the attention of Honourable Members to one or two definite considerations which to my mind are not only directly relevant but extremely important in connection with the motion now before the House. Sir, when our Budget discussions reached what is called the second stage in the other House, that is to say, when the Demands for Grants were placed before that House for vote, on the first day the Members of the Nationalist Party in that House succeeded in rejecting 4 of the Demands for Grants discussed on that day. The next day, the two foremost leaders of the two wings of that Party made a solemn declaration in the House that they had adopted that course on the first day merely to establish a principle and to enter a protest against what they described as the unsatisfactory character of the statements made by the Government of India here and Lord Olivier in the House of Lords. Thenceforward, they declared, the Demands for Grants would take their ordinary course. The result was that all the remaining Demands were passed, with two exceptions with the full consent of that House. In other words, the House sanctioned expenditure in connection with all the Departments with which those Demands were concerned. I confess I was surprised when on the following Monday the Finance Bill was placed before the House asking them to vote the revenues for the purpose of defraying the very expenditure that they had sanctioned during the previous week, it was thrown out. Apart from the inconsistency of the action thus taken, I would ask Honourable Members in this House to ponder for a moment over the effect of that action on the outside world. What must politicians in England, what must Members of Parliament in England have thought of the action thus taken? Think over the consequences of this action upon their minds with regard to the very object which we all have at heart, that is, constitutional advance towards responsible government in this country. That is the first consideration which I, in all sincerity and as a sincere well-wisher of my country, ask Honourable Members in this House to bear in mind.

Sir, the second most important consideration which I wish to impress upon the minds of Honourable Members to-day is this. Had matters been allowed to be left there at that stage, what would have been the result? The Honourable Mr. McWatters has told us this morning that the realisations from the various taxes and duties specified in the Bill which is now before the House represent the greater portion of the Central revenues upon which the maintenance of the Central Government and the discharge of their responsibilities to the people of this country depend. Supposing that His Excellency the Viceroy had not directed the reintroduction

of the Finance Bill into the Indian Legislative Assembly with a recommendation and here in this House with the certification necessary under section 67B, what would have been the result? Who would have suffered? Not the Government, but the people of the country. How would the Government have been able to provide, for instance, their grant to the Benares Hindu University, their grant to the Aligarh Muslim University, their grant to the Delhi University? Where would the Government have got the wherewithal for maintaining the educational institutions in the North-West Frontier Province and the other smaller Administrations under the direct control of the Government of India? How would the interests of the people, in so far as Public Health is concerned in those Administrations have been safeguarded by Government? Indeed, I could multiply these illustrations of the greatest possible injury that would have been done to the people of the country if His Excellency the Governor General had not taken the steps that he has taken under section 67B. It is obvious, therefore, that in these circumstances it was absolutely essential that such action should be taken, and instead of criticising His Excellency's action I am sure Honourable Members in this House will be grateful that he has, in those circumstances, been obliged to have recourse to his exceptional powers under section 67B in order that the Finance Bill may go through the Indian Legislature.

Sir, one Honourable Member this morning pointed out that the Finance Bill was thrown out in the other place on grounds extraneous to the nature of the Bill itself. In that connection I do not propose to enter into any controversial matter. But there is one important consideration even in that connection to which I would like to invite the attention of this House. In all sincerity I am puzzled, I am puzzled at the action that has been taken in spite of two declarations, one in India and one in England, that had been made during the last three weeks or so. I first invite the attention of this Honourable House to the declaration made in India. Speaking on the 8th February 1924 during the debate on the amendment introduced by him to Diwan Bahadur T. Rangachariar's Resolution, this is what Pandit Motilal Nehru said . . .

THE HONOURABLE THE PRESIDENT: I must remind the Honourable Member that he must not refer by name to the Members of the other House except the Members of the Executive Council who have a right of audience in both the Chambers.

THE HONOURABLE DR. MIAN SIR MUHAMMAD SHAFI: I am sorry that I forgot the practice. An Honourable Member in the other House observed as follows:

"We have come here to do something which we have not been doing so far. I think it will mightily please my friends of the Congress who are known by the name of No-changers to hear what I am about to say, but I do not mind it. I have never concealed it. Sir, we have come here to offer our co-operation, non-co-operators as we are, if you will care to co-operate with us. That is why we are here. If you agree to have it we are your men. If you do not, we shall, like men, stand upon our rights and continue to be non-co-operators."

The declaration was emphatic, it was specific, it offered co-operation to Government and asked them to enlist the co-operation of the speaker and his party. What was the declaration in England? Now, I want Honourable Members to compare the language of the two declarations, and then I am sure they will be satisfied that my wonder at what has happened has

[Dr. Mian Sir Muhammad Shafi.]

some basis for it. This is what Lord Olivier, speaking in the House of Lords, said :

" His Majesty's Government having themselves the same ultimate aim as the Indian Swaraj Party, namely, the substitution of responsible Indian Dominion Government for the present admittedly transitional political constitution, are earnestly desirous of availing themselves in whatever may be found the best possible method of this manifest disposition towards effectual consultation on the various modes of making this approach. It has been unofficially suggested that the Legislative Assembly having proposed a round table conference the Indian National Conference is proposing to send a deputation over and representatives of Indian interests in this country have suggested a mission to India."

Three methods suggested by three different sets of people.

" His Majesty's Government, while they are not yet satisfied as to what may be the best means for establishing that closer contact and better understanding that are so manifestly desirable, some means of arriving at that closer contact, must, they are convinced, be sought and they hope, after due consultation with the Government of India, to be able with the least avoidable delay, to decide upon the means they will desire to adopt. In the meantime, His Majesty's Government is unequivocally friendly towards the Indian Constitutional Reform party and appeals to that party for patience and circumspection and for co-operation in using the Councils for their essential purpose of efficient administration according to the views of members on any particular question and not as a field for administrative sabotage and political acerbation."

Now, this declaration made in the House of Lords, I venture to submit, is equally clear and unequivocal. Although one party is ready to co-operate and the other appeals for co-operation and asks for patience, nevertheless, within a few days, without waiting for the results of the consultation which, according to the declaration of the Secretary of State, was going on between him and the Government of India, the majority in the other House have adopted the course which they have done! As a sincere well-wisher of constitutional progress in my country and as an Indian, I cannot help expressing my surprise at the course adopted. It seems to me, Sir, that in these circumstances to try and bring the Government to a standstill by refusing supplies was a very unwise course, and I entirely agree with my Right Honourable friend opposite that the more prudent course in the circumstances is to pass this Bill unanimously.

Well, Sir, it was said by one Honourable Member in the other House that since this statement made by Lord Olivier in the House of Lords, in reply to a question put to him in the House of Commons, Mr. Richards, the Under Secretary of State for India, has closed the door for any reconsideration of the present situation until 1929. That I am afraid is not the true position. There was apparently some misapprehension about the question asked and the answer given and the Secretary of State has authorised the Government of India to say that the second part of the supplementary question put to him by Sir Henry Craik which really was the portion dealing with the revision in 1929 had not been heard by Mr. Richards across the floor and that his reply was only a reply to the first portion of that question. Now let me put to Honourable Members the question as it was asked by Sir Henry Craik. This is how the question ran: " Will the Honourable Member state distinctly whether Government intend to adhere to provisions of Act of 1919 (that is the first part of the question) which defer revision of constitution for ten years " (that is the second part) Mr. Richards replied that that was exactly the position of Government. The Under Secretary did not hear the last words of Sir Henry Craik's question and had no intention of committing himself or His Majesty's Government to the interpretation assigned by those words. It is clear therefore

(At this stage the Honourable Mr. G. A. Natesan rose in his seat).

THE HONOURABLE THE PRESIDENT: Does the Honourable Member rise on a point of order?

THE HONOURABLE MR. G. A. NATESAN: I wish to know whether the question was printed in the House of Commons.

THE HONOURABLE THE PRESIDENT: The Honourable the Leader of the House is in possession of the House and unless he gives way the Honourable Member cannot put his question.

(The Leader of the House then resumed his seat).

THE HONOURABLE MR. G. A. NATESAN: I wish to ask if these questions are printed in the House of Commons.

THE HONOURABLE DR. MIAN SIR MUHAMMAD SHAFI: This was a supplementary question in continuation of a number of supplementary questions put upon an original question by an entirely different member and obviously that would not be a printed question. It seems to me in these circumstances that really we ought not to be too pessimistic about the situation. Indeed there is room for optimism and, as I said the other day, it is optimism that is of the very essence of statesmanship. I appeal to Honourable Members, for these reasons, to pass the Bill now before them unanimously and without any amendment, for I am positive that its passage through this House by the unanimous vote of Honourable Members will not only permit the administration to be carried on but is likely to have very good effect in England.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY (West Bengal: Non-Muhammadan): Having made myself responsible for not one amendment but three, I owe it to myself and the House to explain why. I have felt it necessary to do so. I am not amenable to the charge, almost the enormity, of doing something that will interfere with this House rising not only in its own estimation but in the estimation of those outside whose appreciation of our prestige, gravity and dignity is supposed to be of great value. I myself do not propose for the present, having regard to what you said at the beginning of the debate, to go into the merits of the amendments and to argue them at any length. The time for that will come later. For the present I must recognise the necessity of subscribing to what Mr. McWatters has claimed, namely, that we should assist in providing funds for the balanced Budget as it has been finally framed. What is that Budget? We do not know. Has this House any information? We have seen newspaper reports. The Honourable the Leader of the House told us as to what happened in the other House. The official proceedings have not yet reached us. Do we know what the result of the final Budget proceedings in that House and after are and how the revised figures stand? Have we had any report or analysis presented to this House upon which this House could be asked to consider or vote upon this Finance Bill? The Honourable the Leader of the House has just informed us, and I take it correctly, that some of the grants were thrown out. What was their subsequent history? What happened to them? Do they stand thrown out?

THE HONOURABLE DR. MIAN SIR MUHAMMAD SHAFI: They were restored by His Excellency the Governor General at the request of the speakers themselves.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: The Honourable the Leader of the House has informed us that they have been restored. But it is news to me that this was done at the request of the speaker. Be that as it may, how do the restorations affect the Budget? We have had a very careful and creditable analysis of the substance of the present Finance Bill by Mr. McWatters which was supplemented by Sir Maneckji Dadabhoy's comparison between the original Bill and the recommended Bill. Do we know, does this House know, what the financial results of the amended and recommended Financial Bill would be with reference to the Budget? We have been told that certain important concessions have had to be withdrawn. I suppose there is a corresponding reflection of the withdrawal of those concessions on the credit side.

THE HONOURABLE SIR BASIL BLACKETT: Not large enough to affect the figures.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: The Honourable the Finance Member is not sure of his figures.

THE HONOURABLE SIR BASIL BLACKETT: I said that they are not large enough to affect the figures.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Before they find fault with amendments they ought to bring to the notice of this House the approximate results at all events of what I shall not call windfalls, but what will come to the Government and stay with the Government in the natural course of things because the proposed concessions are withdrawn. The Honourable the Finance Member told us in his Budget speech, a copy of which was circulated, that 3.36 crores would have been the surplus if the salt tax had been at Rs. 2 a maund and he told us what the result would be if it was reduced to Rs. 1-4-0. There we have something to go upon if we care to work upon those available data. The reduction in the petrol duty is now withdrawn. Various concessions about other minor matters, minor they are called but appreciable all the same, have been withdrawn. Many a mickle however makes a muckle and we should have been told what the total would be. The only reference that I shall make for the purposes of this portion of the debate to my principal amendment is to take the figures that Mr. McWatters has given—maximum of 60 lakhs affecting the postal revenue the wrong way. Am I not entitled to know whether, at all events, this sum of 60 lakhs is somewhere to be found, in the not Ramsay Macdonald-like sleeves but the fairly wide sleeves of the Honourable the Finance Member. We have no such information and in the absence of such information I am not prepared to accept the dictum that the moving of a small amendment would be an enormity the results of which have to be visited in a proper manner upon those who make themselves responsible. We have not those figures; the responsible Member of the Government who has been at the work for the last year, for the last month and for the last week is not able to give us any idea as to what the result of those withdrawals of concessions will be or what the result as a whole of that Finance Bill will be financially. I suppose, Sir, that His Excellency the Viceroy in recommending the Finance Bill in a form in which there was a distinct departure for the better from the form in which it

originally came before the other House, had the advice of his financial advisers in detail. And what is more, I believe under the constitution he had to obtain the consent of the Secretary of State before proposing amended taxation. He could not have done that without all the necessary materials. I see my Honourable friend the Finance Member shaking his head. If that is in denial of the proposition that a recommended Bill proposing amended taxation has not in any shape to go before the Secretary of State for consent, why then I stand corrected. Sir, in the absence of those materials which we should have looked for when the Government asked us in these peculiar circumstances to pass the Finance Bill, we must be content to lay hold of such figures as are open to us and bring them to the notice of the House for the purpose of showing that if one amendment or another was carried the unanimity of the House in assenting to the Finance Bill would not be interfered with for which strong appeals have been made, the working balance of the Government would not by this be jeopardised.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, may I ask the Honourable Member who is speaking, if he has taken the trouble to inquire of the Finance Department whether they are in a position to give the figures, and, if so, have they been refused? It seems to me that, if he had asked the Finance Department for the figures to which he has been referring, they would have been given to him, and then he would have been able to speak on this subject with actual facts and figures before him. I understand that whenever Honourable Members have been to the Finance Department for information they have always been most kindly received.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): I was under the impression that the figures had been given; but in any case I am quite ready to give them at any moment.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: I am glad to hear that because a minute ago I understood my Honourable friend to say the figures were not available and could not be given.

THE HONOURABLE SIR BASIL BLACKETT: I did not say so.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: However, one lives and learns and I am sure the House and I will be glad to get those figures. Sir, that is one of our difficulties. The Honourable Member was under the impression that the figures had been given. Probably they have been given somewhere but we in this small Rasselas-like prison know not what is going on in the wider world. Papers that are available elsewhere are not always available to us and in time. For the last two months I have been breaking my head against the stone wall, going from pillar to post, trying to get advance knowledge of what is going on in the other House.

THE HONOURABLE THE PRESIDENT: With reference to that remark I would like to point out to the Honourable Member that I myself asked him to raise the question of papers as a point of order but he has taken no opportunity of doing that. He refers, I believe, to proceedings of the other House.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Not merely to the proceedings.

THE HONOURABLE THE PRESIDENT: The Honourable Member certainly wrote to me asking me to obtain certain papers for him, and I sent him a communication to the effect that I should be glad if he raised the point as a point of order. It has not been raised.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: What you probably have in mind, Sir, is in regard to the agenda and connected papers, etc. I am now talking of papers in general and in a more comprehensive sense.

THE HONOURABLE THE PRESIDENT: I regret I interrupted the Honourable Member. It was so comprehensive that it appeared to include something I had in my own mind.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Well, Sir, some papers as are available to us from time to time, for example the Government Gazette, make one pause. I shall take just one item, the railway figures. Well, we had certain figures given in the State Railways Budget and we had certain amended figures furnished later on. Taking it in round numbers we find that the gross receipts for 1923-24 are put down at 95.57; the revised estimates for 1923-24 are 94.22. Looking at the Gazette of the 22nd March just published, page 359, in the last column, last line, we have some very welcome information, namely, that the actuals for 1923-24 ending on the 8th of March 1924 were 96.64.

THE HONOURABLE SIR CHARLES INNES (Commerce Member): I think the Honourable Member has got the wrong figure. If he will look again at the figures for what we call State lines he will find that it is very much less than the figure he mentions.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: I am only quoting from the Government Gazette. What the reading of these figures should be sometimes comes as a surprise to us. When something is put down as a profit and we propose and want to use it as a profit, a host of charges, allowances and encumbrances make their appearance, and with the waiving of the magician's wand the profit disappears and turns into something of quite a different order. Any way that is what we have got, and in the column previous we have the average total earnings for the previous six weeks, I think, which is something like 2.36 crores. We have three weeks ahead and a few good crores are yet to come in. I do not say that you can count upon as good results next year. I say, make all the necessary allowances, have quite a large margin, and even then what you have shown as your State Railway earnings will be better by probably from 2 to 3 crores. Then, Sir, take some other figure in the State Railway Budget. At page 4 we have under the head of Renewals and Replacements 10 crores 45 lakhs, which include a good many items that will not come into operation next year and which will go towards keeping a comfortable balance at least till the separation of Railway finances comes about. And we find there that what the Meston Committee recommended and what the Inchcape Committee recommended should be the railway contribution to general revenues is nearly halved. There would be a better general balance if what the Railways ought to pay is paid. Taking every one of these facts into consideration and making the fullest

possible allowances and leaving the widest possible margin, my reading of the figures in general would be that the railway revenues would be better to the extent of 2 to 3 crores if not more. I do not want to take any undue advantage of that. All that I want to show is that if you think fit to carry small amendments you do not jeopardise general results. I propose therefore to press before this House reduction of postal charges so far as postcards are concerned. You will not be jeopardising the finances that are wanted to the extent that would make it obligatory on you to pause lest a small amendment like that which I put forward would be interfering with the claim in favour of the unanimous passage of the Bill through the House and the consequent repute for sobriety as can be derived from a smooth passage of the Bill. It is not a correct constitutional view either, for if need be one is entitled to raise questions like this even in regard to a recommended Bill. One does not want to do this in connection with a Finance Bill like this, and to raise more points than can be helped, say points like the military items, items of expenditure under Customs, Income-tax and Salt-tax which are going to be recognized. I have figures to show that these Departments, even when reorganized, can be worked much more economically than has been provided for. I am leaving them alone now, for it is too late. All these however show that if efforts were made, it would not be impossible further to cut down expenditure and to have margins of revenue that would help in the acceptance of the amendments, such as I propose. And if the House agreed to it, it would not infringe the principles as they have been called even of a recommended Bill. The reason, Sir, I want to draw attention to this aspect of the question is that the Finance Bill comes to us under very peculiar circumstances, distressing circumstances, from certain points of view. We all deplore what has happened. It is not for us here to try to apportion the blame for what has happened. It has happened. It will happen again unless there is a distinct change in the angle of both the visions. The question now is how so to shape things in these contingencies, so that the obligations that the Government have incurred on our behalf can be adequately met; and yet the distinct rights of this House to amend a recommended Bill, which I claim are not interfered with. Unless it be for political purposes of gesture and counter gesture, I do not think anyone will suggest that the obligations that the Government must incur, particularly obligations which are partly or wholly sanctioned, have to be provided for. But because, Sir, somewhere else people have deliberately taken a line of action which according to their lights was defensible and justifiable, this House is not precluded from considering the Finance Bill on its merits, because it was not considered on its merits elsewhere. And on that question, Sir, I think this House labours under another disadvantage. The other House has opportunities of discussing and making grants and withholding grants. We have not that right here. That is a constitutional situation that needs change. I have no right now to make a grievance of it, but that is a fact; and it is only when the Finance Bill comes before us as a Bill, it is then and then alone that we have seisin of these details and have to provide for grants for which we have not and could not make ourselves responsible. That is an anomaly. A few days ago we had 5 or 6 hours of academic dissertation on some aspects of the Budget. There was a time when even that was not permissible. Courtesy and convention gradually led to an amendment of the Standing Order, and the discussion of the Budget in its outlines became permissible. This year Honourable Members have voiced the utter inadequacy of those opportunities, and the thing has been brought before you, Sir, in a formal manner by the Honourable Sir Arthur Froom. I am sure next year we

[[Dr. Sir Deva Prasad Sarbadhikary:]]

shall have a better opportunity so far as the general discussion is concerned, and the anomaly I referred to will some day be removed. But the point that I want to make in regard to this is that this House, which has absolutely no seisin of the Budget as such and has not the right of making or withholding grants, is unfortunately at the last moment asked to pass a recommended Bill in the form recommended, which makes it impossible for it, (without detriment possibly to the financial situation and also to other considerations) adequately to consider a Bill on its merits though it has the clear right to do so. We cannot suggest enhanced taxation, but we can suggest reduced taxation if it is otherwise desirable. If that is so, Sir, and when amendments are not and cannot be ruled out of order either by the Standing Orders, by practice or otherwise, I do not understand the repeated requests that the Bill should be passed without amendments by way of demonstrating—I am sorry to say this has been added—to the world that we differ from and are superior to other people who had the opportunity of discussing the question on its merits and failed, neglected, or declined to do so. In those circumstances, Sir, and differing from the views, thus put forward, I think the broader aspects of the question must be considered. If my reading of the situation is correct or partly correct, that 2 or 8 crores extra surplus, if not more, are available, there is no reason why some relief should not be possible in popular interests such as I indicate. I have never grudged the Provinces what they are entitled to. What we have urged is that it is not enough to give out doles or even to wipe out the Provincial contributions. The whole question has to be considered on a more equitable basis, and that is a thing that we must take up over and over again till justice is done. If Government are so inclined; even without enhancing the salt tax, it would be possible for them to give relief not only in the direction of reducing the postal charges, but also in the direction of giving suitable relief to the Provinces and assistance to the nation-building departments to which Mr. McWatters referred. Sir, we realize that complete financial stability of the Government is yet to be; there are large obligations, if not actual commitments, that have to be met—one of them has been referred to, namely, the removal of cotton excise for example. I share the regrets of my friend, the Honourable Sir Maneekji Dadabhoy, that that question was not considered on the merits and pressed home elsewhere. I do not know whether there were inner workings that led to practical withdrawal of the Resolution. Whether people who were making themselves responsible for that withdrawal did not care to antagonize Labour at this juncture or what their other reasons were I do not know. But we have the fact, Sir, that little gains that would have gone to the industries concerned have been withheld, by revision of the Schedules in the recommended Bill. We regret it, we deplore it. Take another small branch of the Schedules to the Finance Bill, for example, regarding match splints. I think it is quite right that the practices that have been defrauding the revenue should be put a stop to, but what are the other facts about the case? Those of us who know anything regarding the match trade of Bengal knew that matchwood that is available there in abundance is not forthcoming. I know of certain concerns in Bengal which set up costly and useful machinery for making matches. Their organisers pointed out to Government where matchwood was to be had and how it can be had; they pointed out the wide range of forests where you could cut down timber, if only they could fix up matters. But what facilities have been provided to those who are interested in the match industry of the country for getting, if not first-class

timber tolerable enough for practical purposes? That would set up the match industry of Bengal on its legs at least for the time being. But nothing has been done there, though Bombay is better off. That is an aspect of the case, Sir, which I think might be considered in this connection even when we are taxing splints or matchwood coming from outside.

I have very briefly indicated the difficulties of this House in considering the Finance Bill on its merits in detail in the peculiar circumstances of the case. I recognise, however, that now is not the time for going into these matters extensively. I draw attention to these matters only by way of showing that some day I hope the House will have better facilities for considering and influencing the Budget demands well in advance and upon proper materials. The House should not be left helpless when it is asked to do that as a matter of extreme necessity which it should have opportunity of doing deliberately. Fuller materials should be placed before it timely and it will then be assisted in giving a deliberate and considered judgment on the issues raised and not be obliged to give its verdict upon general appeals such as have been addressed to it to-day, political appeals from the Government Benches which oftener than not we have been advised should not be mixed up with economic matters. It would have been as well if the Honourable the occupants of the Government Benches refrained from referring to matters which have occurred elsewhere and which are not before this House in some official shape or other. Judging from the reports that we get in the newspapers and from our own knowledge, we cannot shut our eyes to what I am sure the Government are not shutting their eyes to. Unrest in the country, in almost all the Provinces and their Councils, and in the Central Legislature here is marked and can Government or should Government fail to take note of it? We are not here making after-dinner speeches and throwing about jibes at absent people and ridiculing them for purposes extraneous to the business before us. All that is happening and happening elsewhere is with the assistance of the majority and not as a result of scrap votes. It is not wisdom to ignore this. We have been informed here to-day that even sober people,—people who have been masquerading somebody told me as Moderates and Liberals—have been drawn into what under the circumstances is the need of assisting suitable but not very seemly gestures and counter gestures. They have assisted in swelling the figures repeatedly recording Government defeats. I do not want to go into the rights and wrongs of that situation. We only deal with them as facts. They are there and what do they mean, let us pause and ponder. Men whom we know and have known as sober men, sensible men, men who are loyal to the cause of the constitution, who promised to work the reforms, who have made sacrifices in these endeavours, how is it they feel obliged everywhere to express disapproval of Government slowness in this way? Are they terrified or terrorised? I decline to believe that for some of them are of a tough make. They have a sense of grievance that ought to be removed. Reference has been made to the adequacy of the pronouncements in this country and in England regarding what is called the promise about progressive and orderly advancement of reforms by stages. We had more glosses and commentaries to-day from the Leader of the House about answers in Parliament. I referred to the matter, Sir, in my Budget speech and I should like to ask again, is there one little provision in the Budget which we are now asked to support by passing this Finance Bill for the furtherance of the Reforms even in the shape of organised inquiry? When any Committee or Commission is formed for ever so small a purpose, we have a Budget provision for it, and even when the Assembly declines to assent to such a

[Dr. Sir Deva Prasad Sarvadhikary.]

Budget provision, the Commission starts, if the Government want it. Apart from the pronouncement to which reference has been made, what indication is there in this Budget of the country that during the next year inquiries will be made by responsible organisations? I take it such inquiries are not made by departmental committees, nor by a deputation of officers who have other duties and are doing other duties. Such inquiry would be valueless for our purposes and I ask what provision has been made for instituting inquiries such as the whole country demands? Even when an officer has to be put on deputation, that has to be provided for. Nothing of the kind has been done. The Right Honourable Srinivasa Sastri has indicated what would be acceptable to those who think with him as the next necessary quantum of reforms that has to be given in the not distant future and I agree. Autonomy in the provinces, and responsibility in the Central Government, barring subjects that have been indicated, cannot be long withheld. Now, those who undertook to work the reforms from the very beginning made it clear that though they undertook to work the reforms such as they were, they were not satisfied with them. In the very first year of the life of the Assembly a Resolution was brought forward. I shall not say was accepted by the Government because there has been a question as to whether it was accepted or not—but a Resolution was passed I say with the assent of the Government. Put it at the lowest it was passed without dissent from the Government. Nothing happened for 8 years. That has been the programme laid down by the Assembly right from the beginning of its life. These claims have been pressed. There has always been a difference regarding this question of the method, of the pace, and the manner but nothing has been done by the Government regarding the substance of the demand, as far as the public knows. In this concern we hear sometimes, in some quarters that there is not much difference between the Extremists and the Moderates, and if you scratch a Moderate you find an Extremist—I shall be content to take it at that if it pleases some people to put that value on the work of the Moderates and the Liberals. But who ever has said that these reforms are satisfactory, that that is the last word on the subject or that the 10 years' rule is the irreducible minimum? We have always claimed that it is the maximum. If you said after making requisite inquiries at the end of 10 years, which you say is the irreducible statutory period, "I find the next step in the reforms can or cannot come" it will take not less than another two or three years to give effect to the recommendations. Is that what was intended? We have been told to the contrary. We have believed to the contrary. We insist to the contrary. We have been told on the contrary that that period is the maximum and not the minimum. Nor can we forget the intensive process that has been going on in the country since the Reforms came. With it naturally enthusiasm has been roused even on behalf of the discredited reforms. People who stood out have now come in. The great bulk of the people who I claim are Moderates and will remain Moderates so long as Government permit them, have been co-operating with you and will co-operate with you if permitted; but their spokesmen have made it most clear that you have got to set about to take steps to make the next advance. If you cannot actually and physically make the next advance in the course of the next few years, why should you not start on your inquiries, such as the country has unanimously demanded? Why should you not begin to build up at least conventions and explore avenues if further advance even under the present? Act about the want of which we have been twitted often? We were told by the late

Secretary of State for India that the possibilities under the Act have not been exhausted, that the avenues of further reforms have not been explored. So it is for us to suggest. It was for the Secretary of State and the Government to initiate these steps and to make these advances. I am myself responsible for tabling two or three Resolutions, somewhat of a piecemeal character, not of the comprehensive constitutional type that was moved elsewhere and I did not proceed with them here. One of my friends here withdrew a Resolution for reasons that he gave, namely, that he did not think that in this House such a Resolution could be carried or any Resolution could be carried regarding which Government did not assist with their assent. I refuse to take up such a position; I refuse to believe that, if the House is thoroughly convinced, it will not agree to support the popular points of view,—popular I say from the larger point of view,—views that must be at the back of the Government and of the people if orderly progress is to be possible. Now, the Government have not moved one step in that direction and if I did not go on with my motions it was in the hope that the larger question would be taken up. Important pronouncements were expected and they have proved unsatisfactory. We must take up the matter where Government leave it. Where are Government going to leave it? Government were going to make their own inquiries we were told. I did not want to embarrass the Government in advance or our own people by raising issues here that would complicate the situation. The results of these inquiries ought to be published soon and advance under the Act itself should be quickened. No one of the avenues that I have in mind has been exploited or made use of. It is impossible therefore to say that the most balanced, the most sober-minded and the most moderate of people, have no grievance in the matter. It is up to Government to take full, timely and considerate note of what is going on in all the Councils of the Empire not excluding the Central Legislature, on a hundred platforms and in the press and even our Municipal Boards and universities. For present and immediate purposes we must recognise that there has been a failure to provide funds for obligations that the Assembly itself has partly undertaken, and furnish such facilities for good government as are open to us in law in the hope of better government, particularly as Government have done belated rights by lowering the salt tax to its old level upon which we insisted last year.

THE HONOURABLE SIR CHARLES INNES (Commerce Member): Sir, I have risen to intervene in this debate because I think it important to remove certain misconceptions under which the Honourable Dr. Sir Deva Prasad Sarvadhikary is evidently labouring. May I say that the first part of his speech was better than the last part? In the first part of his speech he complained that political considerations had got mixed up with the Budget and the Finance Bill. I agree with him entirely. He complained also that the Finance Bill had not been considered on its merits. That is exactly the complaint which the Honourable Sir Basil Blackett and myself have to make. But, Sir, in the latter part of his speech, the Honourable Member fell from grace

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY.
Taking my cue from the Government.

THE HONOURABLE SIR CHARLES INNES: And he was led into a political dissertation. Sir, one reason why I very much regret that our Budget and our Finance Bill have got mixed up in a political whirlwind is the reason which has already been given by the Honourable Sir Maneckji

[Sir Charles Innes.]

Dadabhoi. I have been intimately connected with three Finance Bills and three Budgets and this is my fourth. For three years past it has been my unfortunate fate either as Commerce Secretary or as Commerce Member to defend in the other House and in this House heavy increases of taxation. I can assure this Council that I have no liking for heavy taxation. This year I was able to persuade my Honourable Colleague on my right—who, if I may venture to say so is always ready to take a broad view of questions—I was able to persuade him that the time was ripe for us to make a small beginning in the way of reducing taxation. We thought over the matter very carefully and we came to the conclusion that we might make a small reduction in the motor excise duty. There have been reductions in the price of petrol in India given by the Burma Oil Company itself and we hoped that, if we reduced the excise duty, we should so stimulate consumption of petrol in India and that there would be no loss of revenue to Government. That, I think, answers Sir Deva Prasad Sarvadhikary's first point. He complained that though we had dropped the proposed reduction of the excise duty on petrol, yet we did not seem to have taken that fact into account in our revised Budget. I should like him to remember that when we proposed that reduction in the excise duty, we hoped that consumption would be so stimulated that we should not lose revenue at all. Owing to the action taken for political reasons in the other House, that reduction of the excise duty has gone West, and also another reduction to which I personally attached considerable importance, namely, the reduction of the duty on certain loom accessories from 15 per cent. to 2½ per cent. That would not have cost us very much. In fact, we estimated that it would not cost us more than a lakh or so. But, Sir, it would, as Sir Maneckji Dadabhoi pointed out, have been of considerable service to the mill industry in Bombay and the rest of India which is at present coming upon bad times. What is possibly even more important is that it would have been of considerable service to the hand loom industry in India. Reeds, healds and other accessories are common to both the hand-loom industry and the power loom industry, and it was with very great gratification that we felt that we were able to do something for this industry by reducing the duty in this way. As I have said, it is a very great disappointment to me that owing to events in the other House those two proposals have had to be dropped.

But my main object in intervening in this debate is to remove certain misconceptions which the Honourable Sir Deva Prasad Sarvadhikary is evidently labouring under in regard to the Railway Budget. His whole point, as I understood his speech, was that there was no reason why he should not try to persuade this House to agree to his amendment, which as Mr. McWatters has told us, would cost us Rs. 60 lakhs, because there is every prospect of our getting greater railway receipts next year than we have budgeted for, and in support of that statement he quoted certain figures which he obtained from the Gazette of India. I think that the Honourable Member has forgotten that a great many of our Railways in India do not belong to Government. They belong either to private companies or to Indian States. Our revised estimate for railway receipts during the current year is, as the Honourable Member said, 94·22 crores. According to our latest receipts up to the 8th March, it does not look as if on Budget lines we shall get those 94 crores. On the other hand, we expect that our net receipts will be about the same as we have estimated for owing to a reduction in working expenses. But, Sir, the important

thing is, are we going to get our gross receipts and our net earnings in 1924-25? Sir Deva Prasad Sarvadhikary thinks we might have budgeted for larger earnings.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: I said, "making every allowance."

THE HONOURABLE SIR CHARLES INNES: Well, Sir, let me say that we have budgeted in 1924-25 for greater earnings than we have yet had in the history of Indian Railways. We have budgeted for 97 crores, that is nearly 3 crores more than we expect to earn this year, and I think that the Finance Member would be a bold man if he had agreed to our putting it any higher than that.

Then again, the Honourable Member suggested that it would be extremely easy for us to get larger net earnings next year out of Railways by cutting down our programme revenue provision. We succeeded in persuading the other House to agree to the programme revenue provision of 10.45 for next year. Indeed, that provision is necessary if we are to carry out the rehabilitation programme which has been approved for next year. Those facts were clearly placed before the other House and the other House has definitely decided that no deduction or cut should be made in that provision.

Now, Sir, I hope I have removed some of the doubts which the Honourable Member feels. I have shown that though the proposal to reduce the petrol duty has been dropped, it makes no difference at all to our Budget, for we hoped that by that reduction in our duty we would get larger consumption, and therefore that our revenue from the duty would not be less than what it was. Since the duty is not to be reduced, we shall not get the extra consumption and the dropping of proposal therefore makes no difference to our estimates. As regards mill stores, the matter is so small that we did not take it into account in our Budget at all. We did not expect that we should lose by the proposal more than about Rs. 1 lakh. As regards the Railway Budget, the Honourable Member will see from the figures I have just given that we have budgeted as high as we can for next year, and that it was definitely decided that we ought not in the general interests of Railways to interfere with our programme revenue, that is, with our rehabilitation programme. May I take this opportunity, since I have got up, to make some reference to what the Honourable Mr. Karandikar said about the proposal to separate Railway from General finance. We have endeavoured to give the Legislature all the information we could about that proposal, and I must say that it came rather as a disappointment to me to hear the Honourable Member challenging that proposal on the point of principle. He suggested that it was very dangerous to allow the Railway Department to earmark its profits or part of its profits for its own purposes. Well, Sir, perhaps the Honourable Member will permit me to say that, if there was anything wrong in the principle of that proposal, it is rather surprising that it should be left to the Honourable Member to find that out. It is not a new proposal: it is a proposal which has been adopted in most of the countries where they have State railways, or at any rate, it is a proposal which is being adopted more and more in those countries. Which is the purest democratic country in the world? I suppose every body will agree that it is Switzerland. Switzerland has separated its Railway Budget from the General Budget. The same in Japan, the same in South Africa, the same in Austria, the same in many

[Sir Charles Innes.]

other countries of the world where the railways are owned by the State. In fact, all through the world people are coming more and more to the conclusion that, where the railways are owned by the State, the only safe course, if you want to have your railways efficient, is separated railway finance from general finance and to have a separate railway Budget.

The Honourable Member then proceeded to say that it was very wrong that the Railways should be emancipated from the control of the Treasury. —I think I have got his words down correctly. Well, Sir, if the Honourable Member thinks that my Honourable Colleague on the right is prepared to agree that the Railways should be removed from financial control let me assure him that he is entirely mistaken. To begin with, our new arrangements for financial control are in no way connected with our proposals for separation. What we have done is that we have merely altered the system of control. Formerly, the Railway Board had very large powers of sanction. Within those powers of sanction it had no necessity to come to the Finance Department of the Government of India. In fact, it came to the Finance Department for sanction practically only for projects which required the Secretary of State's sanction. Now, we have altered that system. The Honourable the Finance Member has got his own representative inside the Railway Department, inside the Railway Board. That representative sees every project which comes to the Railway Board for sanction, whether it is within the powers of the Railway Board's own powers of sanction or whether it is not. He examines these projects entirely from the financial point of view, from the point of view whether or not those projects are going to be remunerative, and he has complete power to take any file at any time to the Honourable the Finance Member. I hope I have satisfied the Honourable Member on that particular point. I hope he will take it from me—I have had experience of both the systems of control—that the arrangements that we have now made for financial control in the Railway Board are the best arrangements that we have ever had. We have now got real financial control which I do not think we have ever had before.

There is one other point which the Honourable Member made. He suggested that the object of these proposals was to remove railways from the control of the Legislature,—at least I understood him to say that. If he did say that, I hope he will also remove that impression from his mind. That is not our object at all. Our object is to make new arrangements for the financing of railways which will enable us to run the railways as they ought to be run, namely, as a gigantic commercial undertaking. You spend on your railways 60 to 70 crores of rupees and you earn 90 to 100 crores of rupees, a perfectly gigantic figure. It is utterly impossible to run a huge commercial undertaking of that kind in the same way as you run an ordinary Government Department. You cannot treat them, as the Acworth Committee said, as a concern which goes out of business on the 31st March every year and comes into existence again on the 1st April. We want to be allowed to run the Railways as a continuously going concern. In our deliberate opinion, and it is an opinion which has been formed after a careful study of the Acworth Committee's report and also of the practice in other countries, the only way in which we can get these results, the only way in which we can run the Railways as they ought to be run, namely, as a commercial concern, is to carry out

the proposal which will be put before the House, namely, to separate the Railway finance from general finance. I hope the Honourable Member will study again those papers which we have laid before the two Houses of the Legislature and, if he does, I am quite sure he will see that the impressions which he has now formed up to date of those proposals are misconceived.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Having regard to the special circumstances in which the Finance Bill has been brought forward before this Council, and having regard to the appeal made by the Honourable Mr. McWatters, I promise to give my vote for the Bill, but I do so under a protest and because there is no other way of passing this Bill. Coming from the Province of Madras, I must at once say that I am very sorry that my Government have been treated very shabbily, that even tardy justice has not been given to us. I regret this all the more because two of the stalwarts of the present Government of India come from Madras and they know very well the wants of my Province. (*A Voice*: "Whose fault was it?") Let me add, it is generally said that Governments are like machines, purely mechanical. I believe the Government of Madras have of late shown that they have a soul, and if you continue this policy for some time longer, I shall not be surprised if, when you demand your next item of contribution, they give you some trouble and it may take a shape to which you are now becoming accustomed. I therefore hope that you will so conduct yourselves and frame your Budget for next year at least in such a way that my Province may get the relief of which it is very badly in need. As a nominated Member of the Madras Government I feel it my duty to give you this warning, and I hope that the Honourable the Finance Member will take care that next time at least he will bring a Budget in which he will try to do some justice to my Province.

(At this stage the Honourable the President vacated the Chair which was taken by the Right Honourable Srinivasa Sastri.)

THE HONOURABLE SIR BASIL BLACKETT: Will the Honourable Member answer for his Colleagues in the other House?

THE HONOURABLE MR. G. A. NATESAN: The discussion is now in this House and the Bill has been brought before us, and I appeal to the Honourable the Finance Member to take up the points which are made here and answer them satisfactorily.

I am very glad that the duty on salt has been reduced to Rs. 1-4-0. May I submit that I feel it my duty to say that it was a great mistake to have raised the duty on salt at all last year? It was a blunder to have certified it, and I do hope that Government, like private individuals, will also profit by this episode. I am most anxious that things should get on smoothly and will make a special appeal that hereafter this attempt to flout genuine public opinion will not be pursued. What has happened now? To use an expression of one of my distinguished friends, you have by this policy of increasing the salt tax and subsequently getting it certified, scattered your friends and swelled the number of your enemies. I ask, is it wise that you should have done so? I am glad that you have now come forward to assume the right position and I hope you will stick to it.

Reference has been made more than once to the fact that the Budget was thrown out in the other House and that the Finance Bill was not

[Mr. G. A. Natesan.]

passed. Speaking, again, as a member nominated by the Madras Government, I may say that, so far as the constitutional advance of this country is concerned, His Excellency Lord Willingdon, the Governor of my Province, has from the very beginning set his face against this form of government

THE HONOURABLE DR. MIAN SIR MUHAMMAD SHAFI: Twice my Honourable friend has repeated the statement that he has been nominated to this Council by the Madras Government. I believe under the constitution no Provincial Government has any power to nominate anybody to this Council.

THE HONOURABLE MR. G. A. NATESAN: I take back those words. Sir, speaking of constitutional advance, let me remind this House that the Governor of Madras was one of the Governors who said from the very beginning that he did not believe in dyarchy; and if I am not mistaken, not only privately but also publicly, in company with one or two other Provincial Governors, he has protested against the continuance of the system. I believe there was a very strong protest in the Assembly the other day against the continuance of this system of dyarchy and the absence of responsibility in the Central Government. I believe they were justified, though not perhaps in the manner in which they presented their case. I think it is essential that I should also point out that you cannot go on with the present state of things and that the only solution lies in adopting a policy of wise statesmanship. Such a man as Sir Valentine Chirol, one of the staunchest advocates of good government in India and a pillar of support to the Government of India and its policy in the good old days, not long ago said that the curse of the present times is that people have lost trust in the Government. Apart from adjusting your finances, what you should do is to revive this lost trust; and I believe that it is only wise statesmanship that ought to solve it and there is need for a great deal of thought. People often tell us that we should do this and should not do that. Those who are true friends of the Government, Official or non-official, should constantly be telling Government when they are going wrong and not feel nervous and try to talk in a strain which misleads the Government. Now let me say this to the credit of some high English officials whose friendship I enjoy that when they come out of the hall, after having finished their duties in discharge of their official position, they often admit that what we said was correct, but that they are parts of a machine and have to carry out things even though their private opinions are against them. It is good to remember it and I trust these remarks will appeal to some gentlemen who often overdo their support of Government, and apart from the injustice they do to themselves they are doing a grave disservice to the Government which have a right to expect frank and honest expression of views. My Honourable friend Sir Muhammad Shafi gave an explanation of Mr. Richards' answer in Parliament. Many people have asked what are Parliament going to do and what are the Government of India going to do about this affair? We have not yet had any answer and I think it is high time, though not here but later on, when the Government move from the warm atmosphere of Delhi to the cooler heights of Simla, that some statement was made so that there could be good feeling in this country and peace and order and good government which we are all anxious to secure. I think the Government owe a duty to the public in this matter. It is often said that people here are irresponsible. If, as in England, the

Council or State or any other legislative body is composed of non-officials the opinion of that body will be given very freely; but, situated as we are and with these limitations, even people in sympathy with the popular views are not allowed to speak out their minds, and it is therefore all the more incumbent that they should try as far as possible to meet popular wishes and demands. The words "too late" should never be written on what they do.

THE HONOURABLE RAJA PRAMADA NATH RAY OF DIGHAPATIA (East Bengal, Non-Muhammadan): The circumstances under which this Bill has been introduced in this Council, and the relief it is calculated to bring to the poor by the reduction of the salt tax are enough reasons why this Council should pass this Bill unanimously, thus showing that it is capable of co-operating fully with the Government when such co-operation is needed for the good of the country. Whatever policy might have been followed regarding this Bill elsewhere, the fact remains that people outside, especially the masses, will appreciate the methods of this Council far more than that of the other inasmuch as our methods would bring them immediate relief. Further, the people of India in their heart of hearts—even of those provinces that have been deprived of the doles from the Government of India,—are grateful to His Excellency the Governor General for reducing the salt tax. With these few words I support the motion.

THE HONOURABLE MAULVI ABDUL KARIM (East Bengal: Muhammadan): In spite of what my Honourable friend Nawab Sir Umar Hayat Khan said I think it is a wise decision on the part of Government to reduce the salt tax which hit the poor hard. People in the position of my friend have not much occasion to come in contact with the poor, and that is the reason why they cannot realise their difficulties. As regards the other things which the Honourable Member said, I do not know whether he was at all serious. We have lived in India for centuries on terms of peace and amity. Even in the autocratic days, when the Mussalmans ruled over this country, there was not, as the gentleman indicated, any very great fear of social rupture. The Mussalman Emperors took advantage of expert knowledge in financial and even in military matters from their non-Muslim subjects.

As regards the demand for self-government, I would not use the word Swaraj about the definition of which I find there has been so much controversy. It is not a fact that the members of my community are not as anxious to get it as the members of other communities. I believe, Sir, if it is to be a Raj other than a British Raj it will be an Indian Raj and not a Hindu or a Muhammadan Raj. I do not think that the Hindus, although they are the original inhabitants of this country, are in a position, after we have been domiciled for such a length of time, to do without us and they should also bear in mind that we have come here to stay. So the only course is to come to an amicable settlement so that we may have self-government.

As regards the salt tax, as I have already said it has been a very wise decision on the part of the Government to reduce it. It would have been well, however, if this had been done when the Budget was framed and the responsibility of choosing between the salt tax and the Provincial contributions had not been transferred to the Legislature instead of being

[Maulvi Abdul Karim.]

shouldered by the Executive. It should have been realized that the hardship of the poor is a matter of far more concern than anything else to those who know the real condition of the masses in this country.

The net addition to the revenue of the country in the year 1923-24, as the result of doubling the salt tax, was only about one-third of what was estimated, a crore and a half instead of four crores. I wish, Sir, for such a comparatively paltry sum, without which no great dislocation would have taken place in the administration of the country, so extraordinary a measure as "certification" had not been resorted to. If public opinion had not been disregarded in the manner in which it was done, and if due deference had been shown to what the representatives of the people tried their best to impress upon the authorities, I think there would not have been so much irritation in the country and the regrettable obstruction in the way of a timely satisfactory settlement of that vexed problem of expansion of the constitution so as to meet the wishes of the people, could have been, to a great extent, avoided. It is hoped that in future care would be taken not to sacrifice popularity which, to my mind, is a very great asset to the administration of a country, particularly by alien rulers, to enthusiasm for a balanced budget. It would be unwise, I think, to ignore the unexpected, I may say undreamt of, change that is taking place in the mentality and outlook of the people. I think it would be statesmanship of a high order to take careful note of these and to revise and modify the ideas and ideals of power and prestige so as to suit these to the changed circumstances. I wish, Sir, the word "zid", the full connotation of which can hardly be conveyed by any English word I know, had not found a place in the vocabulary of administrators and statesmen. I believe it is at the root of many avoidable troubles. With instances before them of many a finally settled fact getting easily unsettled, not only in other countries such as Egypt, but even in India itself, it would be, I think, too much to expect that people can any longer be bullied to acquiesce in measures they do not approve or appreciate. I would appeal with all the earnestness I can command to those whom Providence in this critical stage of the history of modern India has given an opportunity of making or marring her immediate future, to be actuated by such a solemn sense of duty, to be animated by such a high sense of responsibility, as to be able to fulfil the noble mission of making a governed people self-governing.

I would like to refer to another matter, and that is the Meston Committee's Award to Bengal. Now that the salt tax has been reduced I am not at all certain what will happen to provincial contributions. (*The Honourable Sir Basil Blackett*: "Hear, hear and Laughter.") It was nothing short of an injustice that was done to my province by the Meston Committee. We have been told that through some mysterious miscalculations the Committee did not see its way to allow Bengal to have sufficient revenue to meet her normal expenditure, not to speak of any margin for desired expansion in any direction. Perhaps the Honourable Members are aware that Bengal gets nothing of the income of its various industrial and manufacturing activities. What has been the result of all this? The result has been that by an unfortunate irony of fate one of the wealthiest provinces in the Empire has to live upon, what shall I say, charity. It had to ask, as a matter of grace, for what it could have claimed as a matter of right. But for the remission made by the Government of India of 68 lakhs of its contribution the administration of the

province would have been very seriously dislocated. In presenting the Budget for 1923-24 the Finance Member of Bengal observed :

" We cannot look on this Budget with any great satisfaction. It makes no provision for development and allows for no progress. It merely permits the carrying on of the administration in its minimum essentials and that, too, only by drawing to some extent on our balances."

Sir, I cannot persuade myself to believe, as some people are so uncharitable as to say, that the financial embarrassment of Bengal was purposely caused in order to cripple her industrial and political activities. What I believe is that it was to keep the topheavy administration of the Central Government agoing that the financial resources of the provinces had to be drawn upon. Unless there is a substantial reduction in the expenditure on administration, particularly under the military head, I do not think it is possible to restore financial equilibrium. That more than half the revenues of the country, over 60 crores out of 107, is required for the purposes of defence unmistakably shows that there is not that freedom from fear from external invasions and internal disturbances which the country is entitled to enjoy under a Government such as the British. I think, Sir, as many of my countrymen think, that the military policy of the Government of India requires a thorough revision, and a searching inquiry into the proportion which the military expenditure should bear to the general expenditure of the administration is urgently called for. Until this is done, unless the permanent expenditure of the administration is curtailed to an appreciable extent, there can be little hope, I think, of placing the finances of the country on a sound and satisfactory basis. In conclusion, I would like to say that I endorse every word that my Honourable friend, Sir Deva Prasad Sarvadhikary, said with regard to the right of this House to scrutinise and criticise the details of the Budget and to come to a definite conclusion of its own before passing the Finance Bill simply because it was thrown out by the other House.

THE HONOURABLE LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, it is a matter of pleasure to find, that His Excellency the Governor General has practically acceded to the wishes of the majority of the Members of the other House in reducing the tax on salt and in doing away with the increased duty on gold and silver threads. In my humble opinion, Sir, if the increase in the salt duty by certification had not been made last year, perhaps the present situation which has arisen might not have had to be faced. It is a matter of regret, Sir, that in the circumstances in which this Bill has come before us, we are not practically able to make any amendments, because in case any amendments are accepted, it will result in throwing away the Bill in reality. Therefore, Sir, we have no other course left but to support the Bill as it comes to us, and that support I readily give. At the same time, Sir, I want to make certain observations which I pray Government kindly to consider. His Excellency the Commander-in-Chief, in reply to my question this morning as regards the Indianization of the army, gave us rather a discouraging reply. I request His Excellency the Commander-in-Chief kindly to let us know whether, as regards the number of 10 vacancies which His Excellency said are thrown open to Indians every year, in the Sandhurst College, what number of the commissions Indians do really succeed in getting? What is the number of Indians who are allowed to compete in the examinations, and whether or not it will be a right policy to send in or to select or to nominate double the number of people that are to be selected? My friend, Sir Deva Prasad

[Lala Ram Saran Das.]

Sarvadhikary, has suggested a decrease in the postal rates. The Honourable Mr. McWatters, as far as I could understand, has given us to understand that very probably the rates on postal packets and on book packets may likely be reduced. We hope that his assurance will bear some fruit. The Honourable Mr. Chadwick the other day, when we were discussing the Budget, said that in England the prices of petrol rose recently by 4½d. per gallon. I anticipated then that the B. O. C., which fortunately holds the sole monopoly in India, would very likely increase the price of petrol by an equivalent sum, and I think perhaps the Government of India, anticipating that rise, have withdrawn the concession which they proposed to give in reducing the excise duty on petrol. I deplored that change because the reasons which I already gave in detail in my Budget speech are quite sufficient to assure this House that India is paying very heavily for petrol as compared with other countries where Indian petrol is being sold. My friend, the Honourable Mr. Karandikar, said that the expenditure on the retention of a military force in Waziristan was not quite justified and that the people of the North-West Frontier Province were quite able to defend the country there. Coming from the Punjab as I do, Sir, and knowing the conditions of the North-West Frontier Province, I must say that the retention of the military in the Waziristan area has done a great deal to restore, or I should say, to increase, the safety of the people living in those areas; and I think at present it is not the time to withdraw the military from Waziristan. As protection is very likely to come into force in India, I think, Sir, that the small loss which the Honourable the Finance Secretary anticipates in case the Government of India accept the lower postage rates proposed which will mean a loss of 60 lakhs, will be greatly recouped by the increased import duties that we shall be likely to get when protection is introduced in this country. The present total income from import duty on steel and iron is, I understand, about one and three-quarter crores and the House can very well imagine that this will be increased to a reasonable extent. Another crore of rupees on import of railway materials and the steady increase in the general import duties owing to the revival of our trade will surely balance the Budget. My Honourable friend, Maulvi Abdul Karim, said, or at least what I understood him to say, was that Mussalmans were not inhabitants of India and migrated into this country from other places. As far as my knowledge goes, Sir, a very great majority of Mussalmans are Hindu converts and they are our brothers in the true sense. Well, I think the percentage of those Muslims who came to India is perhaps between 1 and 2 per cent. of their total population. So I think that the relations between these two communities, although they are a little bit disturbed now, will be tranquil and brotherly again. I am a great advocate of universal brotherhood and I think that we must try to foster our brotherly feelings so that the Government may not have the chance to say that they require increased expenditure to maintain internal order in the country. With these few words, Sir, I support the Bill which has come before us.

THE HONOURABLE MR. H. G. STOKES (Madras: Nominated Official): Sir, I do not wish to commit the mistake which my Honourable friend Mr. Natesan did by introducing myself as a Member nominated by the Madras Government. But I am here, Sir, a Member nominated to represent the Madras Government, and my object in rising is not to oppose the Bill before the Council nor to reopen any controversy in connection with what is known

in Madras as the iniquitous impost. My object is rather, in conjunction with the other Madras representative, to give expression to the dismay and the disappointment which will be felt throughout the Madras Presidency at the course of events which has taken place in connection with the proposals of the Finance Bill. In introducing the Budget, the Government of India adopted a line which I think justified very rosy hopes. The Honourable the Finance Minister explained that the Devolution Rules prescribed the proportions in which each province's contribution is to be reduced as money becomes available, the provinces named getting the first relief; the turn of others comes next and their prospect of reduction is brought so much the nearer by the clearing away of the prior claims. This is the main passage:

"But more important still is the interest of India as a whole in making a beginning in dealing with this running sore of the Provincial contributions."

Well, Sir, it cannot but be a matter of great disappointment and regret, and I think justifiable disappointment, to find that in the end the Government of India have not seen their way or taken their courage in both hands to give effect to a measure the necessity of which has been so emphatically recognised by the Finance Minister himself. Surely, Sir, one may suggest that for the interest of the affected provinces, for the interest of the due progress of the reforms, for the practical betterment, not to say the contentment, of the populations affected, it was both desirable and necessary to find some salve for this running sore and, if necessary, to perform possibly a dangerous operation, but to excise the cancer. I dare say, Sir, the Honourable the Finance Minister will ask me, am I prepared to answer for the Madras representatives in another place? God forbid, Sir, that I should be. I do not propose to offer any conjecture, Sir, as to what has been the reason for the course which these gentlemen have adopted. The only thing I will say is that in my opinion and I think in the opinion of the majority of the people of Madras, they have done grave disservice to the interests of their Presidency and I venture to doubt whether they will be able to justify satisfactorily their conduct to the people who are supposed to have sent them as representatives to Delhi. I can only conjecture, Sir, that possibly hypnotised by the will o' the wisp of Swaraj, they have followed it—perhaps I may remind you, Sir, that the Latin name is *ignis fatuus*—they have followed it until it has landed them, and their province, in the mire. There are several reasons, Sir, for doubting whether they have in fact given expression to the true opinion of the people of the Presidency they are supposed to represent. I say the people as opposed to the intelligentsia. Only the other day, Sir, the Swaraj party in the Madras Assembly brought on a deliberate trial of strength in a division directed against the grant for His Excellency's household, the ground for the vote of reduction being the general unsatisfactory conduct of His Excellency's administration. It was intended, I am informed, as a direct trial of strength and the result of the division in that Assembly was that there were three votes against the Government and that is all. I should like to know, Sir, how the Madras representatives considered themselves justified in attaching themselves to the Swaraj party having regard to the real position and the strength of that party in their own province. Then, Sir, we have also a telegram which was sent by 60 Members of the Madras Legislative Council to each Member, official and non-official, in the Legislative Assembly in Delhi. I have not got a copy of that telegram nor have I seen it, but I am informed that in that telegram they express their

[Mr. H. G. Stokes.]

preference for a measure of relief from the contribution rather than a reduction of the salt tax, if no other alternative is possible. There have, I believe, been attempts made in the local Council of Madras to belittle the significance of that telegram. But I have mentioned it for what it is worth. There is also another piece of evidence, which I think has escaped notice, as to the real views of the very considerable section of the population of the Southern Presidency. Sir, in Madras, as the Council may be aware, apart from the bureaucracy, there is another large and important depressed class, namely, that which is known as the backward and depressed classes of the Presidency. Their number is roughly, I believe, 6 millions and they comprise, broadly speaking, the poorer, less educated and more down-trodden classes of the 40 millions of the Presidency. They are the people who are, if I may use the phrase, up against the difficulties of life every day, and they are the people who are going to be affected, and seriously affected, by taxation such as the salt tax with which we are to-day concerned. In a recent speech this is what their representative in the Madras Council said about the salt tax. The speech was made on the 7th March in connection with the provincial Budget by the representative of the depressed classes, Mr. R. Srinivasan. I think that it has a very interesting bearing upon what we have been told about the horrible oppressiveness of the salt tax to the poorest section of the people. He says :

"With regard to the salt tax I may say that one anna per head per annum is not felt by our people. It is something like a fly sitting on the horn of a bull that is ploughing the fields. The pressure on us is already so great that this small sum of salt tax is not felt by our people. Out of the revenue from salt and liquor the Government constructs roads, buildings and wells, many of which we are not allowed to use. So I say it does not matter to us whether the salt tax stands at one anna or three annas or even eight annas. We are willing to pay any tax provided it is guaranteed that a fair proportion of it goes to the people who contribute it. The Government must spend it in ameliorating their conditions in so many ways."

They have followed up that pronouncement by a telegram to a Member in another place to the following effect :

"Madras representatives backward classes Legislative Council request reduction Madras contribution rather than reduction of salt tax this year."

This was signed by the three leaders of that particular section. It appears to me, Sir, that the views of so large a section of the community—a section of the community which is directly affected by these taxation proposals—are of particular interest in this connection, and it is a remarkable and possibly a deplorable phenomenon that they have apparently failed entirely to influence the attitude of those who are supposed to represent in the Assembly in Delhi the opinions and interests of the population of Madras. One is almost tempted to suggest the question whether the basis of the electorate for the Legislative Assembly does not require broadening so as to bring the views of that Assembly into accord with the real opinion of the population they represent. However that may be, Sir, I consider that the expressions of opinion and the other evidences which I have mentioned do justify the doubt which I have put forward as to whether the views and the attitude taken by the Madras representatives in the Assembly are really coincident with the feelings and the wishes of the population of Madras. With that, Sir, I propose to leave these gentlemen to the tender mercies of their constituencies when they return to their province. But I do think that, if these facts had been more fully present to the Government of India, they might have felt themselves justified in taking their

courage in both hands and in certifying the salt tax at Rs. 2 and applying the knife, as I said, to the tumour once for all. Well, Sir, as things stand, Madras, I must admit, has had a serious set-back. But I think that she may at any rate lay some flattering unction to her soul. For the present, perhaps for an indefinite period, her hopes may have to be deferred, but I think that the speech of the Honourable the Finance Member in introducing the Budget, which I have already quoted, may be properly taken, and I think will be taken, as a pledge that the Government of India do definitely recognise the evil of the contribution system and that they will take the earliest opportunity to amend it, and to allay Sir, the evil, which is crippling the activities and the development of the Madras Presidency. Madras may regret that the present opportunity has been lost, but I feel sure that she will not relax her efforts to obtain hereafter the justice which has hitherto been denied to her.

THE HONOURABLE DR. DWARKANATH MITTER (West Bengal:

5 P.M.

Non-Muhammadan): Sir, I rise to support the motion that has been moved by the Honourable Mr. McWatters that the Finance Bill be taken into consideration. I welcome the provisions of this Bill, for I find that the salt tax has been reduced to Re. 1-4-0. It may be within the recollection of this House that on the 7th March last when the Budget was discussed in this House, I pleaded that the salt tax question was essentially a poor man's question. The Honourable the Finance Member replied that a low salt duty in his opinion was in the nature of a financial heresy. I stick to the opinion that it does affect the poorer classes notwithstanding what has just now been said to us by the Honourable Mr. Stokes as representing the views of the depressed classes. One anna may according to that comparison be a fly, but you cannot compare one of the poverty-stricken masses who know hardly any margin between penury and subsistence with a fat bull. I therefore, Sir, welcome the provisions of this Finance Bill which has reduced the salt tax to its original level.

With regard to the other financial proposals which are contained in this Bill, I find that they are necessary, as has been said by the Honourable the Finance Secretary, to balance the Budget this year, in other words, to balance the revenue and expenditure. Now, Sir, to leave the present existing Executive who are entrusted with the administration of the country in power and to vote expenditure and at the same time to deprive them of the means of carrying on the administration does indeed create a grave constitutional situation. But it seems to me that the financial machinery of the State will be thrown entirely out of gear if the Finance Bill is rejected. This is a position to which no right thinking Indian can agree.

But it seems to me that the financial machinery of the State will be thrown entirely out of gear if the Finance Bill is rejected. This is a position to which no right thinking Indian can agree.

But, Sir, before giving one's assent to this Bill which has been rejected by the Legislative Assembly, one has to consider that there must be reasons very cogent and very strong in order to induce one to accept a position which has been refused by the other House. It becomes necessary, therefore, to examine the reasons which have led the Legislative Assembly to withhold their assent to this Finance Bill. It is obvious at the outset that the merits of the demerits of the Bill have not been examined by the Legislative Assembly. It has been refused because in the view I may

[Dr. Dwarkanath Mitter.]

mention, of the Swarajist Members and of some of the Independent Members who have joined them and for whom I entertain the greatest respect, there has not been a full response to the national demand for full responsible government. Now, I may tell this House at once that the goal of full responsible government is the goal to which every party in India, whether it is the Swarajist, or the Nationalist, or the Moderate party to which I belong and which is perhaps now much abused—I think they are called Moderates because they are moderate in their expectations—all of them look forward to the same goal. But, Sir, we part company from our Swarajist friends at the point, namely, if this demand is not responded to, what is the further move we ought to take to achieve our object? Would it be right to meet the want of response by making the Government impossible, by refusing to pass this Finance Bill? I submit in this respect, as I have already stated, the difference between my Swarajist friends and ourselves is this that we confess to the weakness of patience. We recognise fully that by the declaration of 1917 the British nation are committed to the goal of full responsible government. The British people are not free, having regard to their declaration of 1917, to refuse to the people of India a large and progressive measure of self-government. But at the same time, although this demand is not immediately responded to, I have ample faith in the British honesty of purpose and in what I may describe as the innate liberalism of the British mind to believe that at no distant future the British nation will enter into an examination of the demand with regard to which all the parties in India are agreed. It is in that hope and in that trust that I think that I must offer my unstinted support to the Finance Bill, by the passing of which the government or the administration of the country becomes possible. In this matter it is a well recognised principle that taxation must be resorted to for financial equilibrium, and we are assured by the Honourable Financial Secretary that unless the Bill is passed in the form in which it has been recommended by His Excellency the Viceroy, the financial equilibrium cannot be maintained.

This brings me to the question of law which has been raised by my Honourable friend, Sir Deva Prasad Sarvadhikary, as to whether the Bill should pass in the form in which it is recommended, or whether it is open to us to pass the Bill with the amendments which have been suggested by him and by my Honourable friend, Mr. Karandikar. Of course, I fully agree with Sir Deva Prasad Sarvadhikary that it is certainly within the competence of this House to move amendments, but, the question is whether, having regard to the special circumstances of the present year, it would be wise and just to pass the Bill with amendments. I am not discussing the question, I am discussing only the principle of the amendments. In this matter, while fully recognising that an examination into the financial proposals might here and there lead to certain cuts in expenditure, or certain surpluses, I think from the opening statement of the Honourable Mr. McWatters that about Rs. 50 to 60 lakhs would be the loss which the Government would sustain if one of the amendments were agreed to. With regard to the other question about packets, I understand the Government are prepared to meet the House in this way that, as they fix the maximum, the Government will see their way to meet the question which has been raised by the Honourable Sir Deva Prasad Sarvadhikary. In these circumstances, I think I am inclined to agree with the view which has been suggested by the Right Honourable Shrivasa Sastri

that we should on this occasion be of a unanimous opinion with regard to the passing of the Bill in the form in which it has been recommended by His Excellency the Viceroy.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, the debate which we have been conducting to-day has been conducted by this House in rather difficult circumstances, and my own difficulties have been increased by the necessity, under which I laboured, that I had to be present in another place for a considerable portion of the morning. It was with great regret that I was forced to be absent from this House when the first speeches were made, including the speech by my Honourable friend, the Finance Secretary, and the speeches by Sir Maneckji Dadabhoy and the Right Honourable Srinivasa Sastri. I should have very much liked to have heard all those speeches. I think I have sufficient notes of them in order to deal with the points referred to, but I wish to express on my own behalf an apology to them for my unfortunate inability to be present.

I am very glad to find that there is practical unanimity in this House as to the desirability of passing this Bill. I join very strongly with what I understand was said by my Right Honourable friend, Srinivasa Sastri, that a regrettable mistake had been made elsewhere and its consequences might be really serious unless we can even at this late stage do something to improve the situation. I may perhaps be allowed to express a personal feeling in this matter. It is impossible not to feel a little depressed when one is labouring hard to secure practical results if one finds that hardly any one is willing to begin to approach the subject from a practical point of view. The fact that this Bill comes up to this House without certain proposals which the Government had put forward and which the Government still regard as desirable, and that this House is in difficulties in regard even to the discussion of the Bill, shows I think what a great mistake is made by those who say that the reforms are a sham. The reforms have taken away from the Government of India nearly all power to do positive constructive good to India without the assent of the representatives of the country. The Budget as brought forward contained constructive proposals but, in view of the situation that has arisen, it has had to be shorn of those constructive proposals. It is simply a hand to mouth Budget instead of a Budget which laid the foundations for advance, and that is because under the reformed constitution of India the Government of India are left with certain negative powers of prevention but practically no positive powers of doing more than carry on. They cannot go ahead. I do not want to dwell on the political aspects of this matter because it is not altogether my province and if I do say a word on that subject I hope I shall not be misunderstood. But I feel somewhat depressed at what has happened. The events of the last week and the week before cannot but leave a feeling of sadness in the minds of any one who is working for the same goal as every one in this House is working, the ultimate grant of full responsible self-government of India. I am afraid the events of the last week and the week before have brought joy to no one but Extremists. I am not sure whether Extremists on the Swaraj side are really pleased with what they have done: but I have seen indications of a pleasure (which it is not a pleasure to see) among those outside India who have never ceased to say that the reforms were a mistake and that the idea of implanting self-government in India at any time is an absurd one. If any one is pleased it is they and only they. However, if

[Sir Basil Blackett.]

I am depressed, I refuse to be downhearted. There is a humorous side even to this situation. What is it that has happened? The Nationalist Party consisting of people with very different views among themselves managed to get together and arrive at an agreement to ask for a Round Table Conference. I do not think that more than a very few among them really believed in that Round Table Conference. They arrived at a half-way house though none of them believed in it. They got hold of a cuckoo's egg and most of them knew it was addled; and yet they expected the Government of India to join in and take part in the pretence of trying to hatch that egg. When the Government of India had to say as sympathetically as they could that they could not join in, but that they were prepared to adopt proposals of their own and had the whole thing under consideration, and when the Secretary of State in the new Labour Government made a speech which has been pronounced, as I understand, to be unsatisfactory though containing promise, the majority were impatient and they decided to throw out some at any rate of the votes in supply. They decided to throw out some at any rate of the votes in supply which provided for the expenditure for raising necessary revenue and they coupled their action with an expression of opinion—almost a request—that the Government should see that no harm came from what had been done. After a week or more of moderate counsels a sudden decision was arrived at, I understand, at a very late moment to reject the Finance Bill at the second reading. After having voted for a greater portion of the expenditure required to carry on the business of Government for the year, the Assembly refused to have anything to do with consideration of the measures required for raising the revenue. But their action was again coupled with a request,—almost a request—to the Government to see that no notice was taken in practice of what they were saying. It is said that a principle has been established. Now, Sir, my reading of history is that when the Commons of England in the days of the Stuarts refused to vote supplies and to vote taxation they held that it was unconstitutional of the King to raise taxation without their leave. No such claim is made here. The historical analogy seems to me to be an entirely false one. It is recognised that the action of the Governor General in Council in restoring the rejected grants and the action of the Governor General in recommending this Finance Bill is absolutely constitutional. Is it not rather an absurd position which we have reached? Is any good really done by action of this sort? I am afraid that only two things have really been done. One is that the Government of India have been given an opportunity to exercise their reserved powers and of finding out how to use them. A year ago the exercise of that power was protested against very strongly. This year it is unanimously forced on the Government of India and not only that but the elected representatives of the people in another place have by their action shown that they are thoroughly content to leave it to the Government of India and the Council of State to do what is best for the people of India without paying too much regard to the voice of the representatives of the people. Is that not an absurd position? So while one cannot help feeling some regret, I refuse to be downhearted. It has been well said that in this matter sympathy, imagination and patience are required. Periods of transition are always difficult. There is more than one transition going on at the present time. Those who feel the difficulties of the transition period in the Government of India do not need great imagination to sympathise with the difficulties of the transition from Gaya and what went before through Cocanada to Delhi and Simla,

and even those who are not passing through that transition may be excused a feeling of a certain amount of impatience. It is not only they who feel the difficulties of the transition period. It is not only they who are inclined at times to kick against the pricks. What we need is patience all round. We are told by our friends the Swarajists that they are anxious to co-operate but they hasten to add that it might be on their own terms. The Government of India too are anxious to co-operate but they do not go so far as to insist that it must be on their own terms. They are willing to agree to differ on certain major points if that will enable both parties or all parties to get together to work for India. In a matter of this sort standing still is impossible. Standing still may mean going back. *Solvitur Ambulando*. There is much work to be done and there is work which we can do together and by doing it together we shall, I am sure, arrive at the goal more quickly, as we all desire. I feel very strongly in regard to this matter. The last two generations have seen an immense change in the world. Developments like the Ford car and broadcasting have brought the whole world close together and are making it very rapidly a very tiny place in which all the nations and creeds and colours of the world are jostled against each other and have to find a means of working and of living amicably together. The biggest experiment that is being made and the most hopeful experiment that is being made in that direction is the experiment that is being made by the British Empire, and India is the most central test case of whether that experiment will succeed or not. It is therefore of vital importance that, however much we may be discouraged by this or that little bit of petulance or impatience, we should all refuse to give up our hope, and, even when we feel that a dangerous step in the wrong direction has been taken, we should do all we can to set it right. I am very glad indeed to find that this House, in the words of the Right Honourable Srinivasa Sastri, are determined to do their best to prevent any irreparable damage being done in this matter.

I turn now to the financial questions that have been raised during this debate. The Honourable Sir Deva Prasad Sarvadhikary is anxious to know whether we could not find 60 lakhs out of our revenue of the year with which to reduce the charges on postcards. Unfortunately, Sir, that is not possible. The figures as they stand after the modifications that were made in the Budget during the course of discussions in the other place leave us with a surplus of just 18 lakhs on our estimates with salt at one rupee four annas, and nothing for Provincial contributions. 18 lakhs is not a sufficient sum out of which to meet a charge which will lose us 60 lakhs in revenue. I have another objection to the proposal and that is that, so far as we can make out on the not quite complete figures of profit and loss which are in our possession, the profit and loss account of the post office leaves a surplus of only 24 lakhs. I do not think that we ought in those circumstances to embark on a programme which involves a very considerable subsidy to the cost of postage at the expense of the general tax-payer. In my view the post and telegraph undertakings of the Government ought to pay their way. They ought not to be used as a method of indirect taxation, but they ought in all circumstances to pay their way. I do not mean to say that each individual item must always necessarily be a paying item, but that the Posts and Telegraphs Department taken as a whole should not be carrying the letters and mails and sending the telegrams of the people of India at the expense of the general tax-payer. I hope that in view of that explanation the Honourable Sir Deva Prasad Sarvadhikary will not think it necessary to press his amendment. •

THE HONOURABLE MR. C. A. NATESAN: What about the rates on book packets. If I am not mistaken I think the Honourable Mr. McWatters said it could be reduced by executive order.

THE HONOURABLE SIR BASIL BLACKETT: I was about to come to that. The rates which are included in the Finance Bill are maximum rates. The possibility of effecting some reductions here and there and in particular I understand in connection with the book rates is at the present moment under consideration by the Director General of Posts and Telegraphs. I do not want that to be taken as a promise that a reduction will be made. I do not want anybody to come and accuse either me or the Posts and Telegraphs Department of not carrying out a promise. We are considering the matter and it will be considered on its merits in view of the fact that there is a 24 lakhs surplus according to our estimate on the post and telegraph accounts. I should say, however, that in another place it has already been promised that the desire for increased rural post offices should be acceded to and some part of that 24 lakhs surplus may be already earmarked in that direction.

The last speaker but one, Mr. Stokes, attacked the Government for not doing what it would like to do. I agree with almost everything that the Honourable Member said. I have more than once expressed my view that the refusal of the people of India to consider the question of a salt tax at a higher rate than one rupee four annas on its merits is, as somebody else said to me, an ineradicable financial heresy. I believe that both in this House and in the other House if members were able and willing to consider this question solely on financial and economical grounds they would not hesitate to say that the two rupees salt tax is more in the interests of the people of India this year than a salt tax at one rupee four annas. But that is not now the question. Mr. Stokes says we have not the courage of our opinions. I would draw his attention to the Government of India Act which gives the Governor General power to certify that the passage of a Bill is essential for the safety, tranquillity or interests of British India or any part thereof. I believe that a salt tax at two rupees a maund would be very advantageous to the people of India, not excluding the people of Madras and Bengal. But is it essential?

(The Honourable Mr. H. G. Stokes: "My opinion is that it is, Sir")
The opinion of the Governor General was that, having regard to the circumstances of the case, we should not be justified this year in putting forward in this Bill any proposals, however much they might be for the good of India—and the proposals in the original Bill were for the good of India and we were prepared to defend them—that no such proposals should be included in this Bill unless at the same time they were regarded as essential. And that is the simple explanation of the contents of this Bill. This Bill enables the Government on the estimates before them to look forward to a Budget which would just balance if our estimates prove reasonably correct. It would just balance in the year 1924-25 and leave us and the Finance Department in particular the pleasant duty of refusing every kind of new expenditure during 1924-25 that is not absolutely unavoidable with a view to securing a balanced Budget again in 1925-26. I know Honourable Members think that it would be quite easy to find crores and crores, perhaps not in this House but they do in the other place—to find crores and crores by a reduction of military expenditure. Military expenditure is always being mentioned. It was mentioned by Mr. Karadikar, but I am afraid, if we adopted his jingo theories, we should require to increase

our expenditure. Mr. Karandikar said that the only people who ought to be consulted about the boundaries of India were the people of India. That would require a very large army if we are to take no notice of our neighbours' views. But, as I have said before, military expenditure has been very considerably reduced in the last two years. It is in process of being gradually reduced, but unfortunately we have still rather large liabilities of a non-recurrent nature which make it impossible to look forward to any very considerable reduction on the amount, recurrent and non-recurrent, that will be required next year. So the only course that is left to us, in view of the situation in which we are put, is, much against our will, to decline to listen for a moment to any pleadings from the Benares Hindu University, the Aligarh Muslim University, the Delhi University and other educational institutions whose claims are being continually pressed upon us.

I have one other point still to deal with, and that is the question of exchange. My Honourable friend, Sir Maneckji Dadabhoy, before I came in I believe, spoke of the new method of effecting the Government of India's remittances. That method consists of combining with the offer for tender of Council drafts in London the purchase by the Government in India of sterling for rupees. That policy, as I am glad to see is recognized by my Honourable friend, has been on the whole very satisfactory, whether judged by the amounts remitted or by the rates which we have secured. But in addition to its value in securing our remittances in a satisfactory way, the new system has hitherto been very useful in steadying the market at times when exchange might otherwise have risen very sharply. We have been able, that is, not only to obtain our remittances at satisfactory rates, but to avoid very sudden jumps up in the market, with corresponding falls shortly afterwards which tend as much as anything else to upset trade. The results of our operations in the last year have been that we are now in a comparatively satisfactory position in regard to our requirements for the coming year. At the present moment we are in the position of not requiring any loan so far as we can foresee, any sterling loan in London, as against £15 to £18 million sterling a year ago, and in addition the actual amount which according to our Budget estimates we require to remit to London to cover our expenditure outside India is smaller this year than the estimate at this time a year ago. Just lately I have noticed in the financial press one or two unfavourable comments on what has been the action of the Government in the last few weeks. The intentions of the Government seem to have been slightly misunderstood. It was announced that until further notice the Secretary of State did not propose to sell Councils. That seems to have been taken in the market here as an indication that the Government of India had no intention of attempting themselves to secure sterling by purchases here. There was, so far as I am aware, no justification for that view, and no such statement was ever made to that effect on behalf of the Government. At the time when that statement was made exchange had been falling, but shortly afterwards it began to rise for one or two days rather rapidly, and in accordance with what is their general policy when exchange proves to be strong and the rate is considerably higher than that at which it has been recently standing, the Government of India came in as a buyer. That action has been unfavourably commented upon, but I do not think that there was any justification for the expectation that the Government of India would keep out of the market; and I would add that it is just by coming in when there is a sudden rise of that sort and taking advantage of the opportunity that the Government of India are enabled

[Sir Basil Blackett.]

not only to get their own remittances at a reasonably good rate but also to steady the market and to prevent an unduly sudden rise. I think that answers fully the points raised by my Honourable friend, Sir Maneckji Dadabhoy. I have no notes of other direct questions of a financial kind that were asked during the debate. I should like to protest against the Honourable Mr. Natesan's suggestion that I should manipulate the Budget next year—I do not like the word—in order to secure something for Madras.

THE HONOURABLE MR. G. A. NATESAN: In a way that is well known to financiers.

THE HONOURABLE SIR BASIL BLACKETT: It is a financier with a big F, I think, that manipulates figures in that way.

Mr. Abdul Karim, I think it was, quoted from the speech of the Honourable Finance Member in Bengal a passage which is so apt that I began to try and take it down. I did not catch the whole of it but it might be a speech on our own Budget:

"We cannot look on this Budget with any great satisfaction. It makes no provision for development and allows for no progress. It merely permits the carrying on of the administration in its minimum essentials and that too only by drawing to some extent on our reserves."

There were other passages in the quotation which seem to me to be extraordinarily apt, so that I should like to associate myself with the whole of it. I hope that none the less we shall not forget that this year we have a Budget which balances; and if we cannot look forward to an early relief of the provinces and an early remission of taxation, we are at any rate in the position of knowing that we have been able to effect a reduction of taxation for the first time after a very long and weary period of additional taxation.

THE HONOURABLE SARDAR JOGENDRA SINGH (Punjab: Sikh): Sir, I rise to support the Finance Bill; and I want to say to Sir Basil Blackett, "Be of good cheer, the heart of the country is sound." The difficulties with which we are faced are of our own creation. The Government are holding on with one hand to autocracy. On the other side, flouting that autocracy of emasculated officials and non-officials are Moderates and Extremists. The sooner we settle down to realities, the sooner will the destinies of this country be in safer hands. I may ask Sir Basil Blackett, as he complained that he did not get the co-operation of the other House, how he has tackled the other problems which affect the millions of this country. Has he taken up the incidence of the land revenue to which millions are subjected in this country in the inquiry that he promised he is going to institute? How is he going to get the agricultural interests represented? Then, again, Sir, I ask him what has he done to create agricultural wealth and credits which would immensely help the prosperity of the country, which will enable him to do things for India with confidence? I frankly admit the great work he has done in establishing our finances on right lines, in effecting the necessary economies and in stabilizing exchange as far as it lay in his power, but there is other great work that lies before our Cabinet Ministers, and that work is making India prosperous and inquiring into and finding out what India really wants and in taking these problems up seriously; and as I am on this point, I again draw his attention to the land revenue problem which for years has been going round begging and which the Government of India have always refused to tackle. Then again, Sir, as I have it in mind, I should like to ask our Member in charge of Lands how he is trying to increase the produce from the

land. What we expect from our Ministers now is a constructive programme which would give better results for the country. There again we find nothing doing. I would draw attention again to a lecture recently delivered supporting the view which I recently presented to the House. Here again the Ministers have given us nothing. We want a programme which we could go and present to the country.

Then again, Sir, coming to the Commerce Member, I do not see why the separation of the Railway and general finances should be delayed. It is wanted by the country and it should be taken up as soon as possible. Why should we not sell one of our railway lines outright to the country and thus introduce a new element in our finance? Here again, Sir, if these three Members for Finance, Commerce and Lands, combine and give us a policy and a programme, I have absolutely no doubt that India will fling away any fear of becoming bankrupt and work up to maintain stability.

I think, Sir, the Leader of the House, when speaking, asked us to do certain things because it would produce a greater effect outside. The sooner we realise a policy for the good of the country the better, and not try to produce any effects outside at all. Then, Sir, I do not want to detain this House longer—we have already discussed a good deal of politics. I only want to say one word. It is this. We who live in the districts know the good work that the British officer is doing, his self-sacrifice and his devotion to the service. All we ask him to do is to change his angle of vision and associate himself with the attainment of Swaraj which is dear to every Indian here. We do not want him to stand on a pedestal and say, "This Swaraj is a dream and cannot be attained." We want him to share with us the work and work with us towards its attainment. If he does so, I can assure him, as in the past, so in the future, he will lead India and he will command the heart of India. I do not see, Sir, why we should be afraid of this Swaraj at this transitional period. Why should we set any limit and say it cannot be done? Why 5 years or 10 years? We should hopefully work towards the attainment of Swaraj and if we do so I have hardly any doubt that we, Englishmen and Indians, will join in greater harmony of heart in the accomplishment of the great work that lies before us in India. There are great dreams to be dreamed in India, in making India, the brightest jewel of the Empire, the centre of the world. The economic unity of the world will be established by India, and I think in this work we should all join together and not half-heartedly in the onward march of India towards the attainment of Swaraj as a means for the greater welfare of India.

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

THE HONOURABLE THE PRESIDENT: I do not wish to put the closure but I suggest that, as the House has discussed this motion since 11 o'clock this morning, the House may be ready to decide it now as Honourable Members representing all parts of the House have spoken. I see that there are others who wish to speak but they will have further opportunities of speaking on this Bill.

The question is:

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

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to a detailed consideration of the Bill. We will reserve the Preamble as usual.

Clause 1 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 2 do stand part of the Bill."

THE HONOURABLE MR. S. VEDAMURTI (Burma: General): Sir, I find that to-day I am not in luck's way. I have tried my best to catch the President's mysterious eye from morning, but I find that I have only just succeeded in doing so. Well, the ill luck is the same ill luck that dogs the province of Burma which I represent in this House. Our complaint is that the interests of Burma are not treated with consideration by the Central Government, if sometimes they are not sacrificed. Honourable Members have already spoken from the provinces of Madras and Calcutta on behalf of those provinces, and I feel it is my duty to say a few words on behalf of the province which I represent in this House. There was a time, Sir, when Burma was regarded as a burden on the Indian Empire. If I am not mistaken, it was the late Mr. Gokhale who said in the course of the Budget discussions in the old Imperial Council that Burma was a millstone round India's neck.

THE HONOURABLE THE PRESIDENT: I do not wish to interrupt the Honourable Member but the clause we are now discussing refers to the salt tax.

THE HONOURABLE MR. S. VEDAMURTI: Sir, I was not given an opportunity of speaking on the motion.

THE HONOURABLE THE PRESIDENT: It is quite impossible for every Member to speak on every motion that comes before the House. The Honourable Member must now address himself to clause 2. This clause deals with the salt tax.

THE HONOURABLE MR. S. VEDAMURTI: I was merely going to say that that description is not true to-day. To-day Burma, I am going to show, is regarded as the milch cow of the Indian Empire. Only the other day, when several non-official Members in the course of the discussions in the Burma Legislative Council, complained that the industries and nation-building departments are being starved, the Honourable Mr. W. J. Keith, the Finance Member, said:

"The reason why Government had not done more for industries was because it was first the business of the Government to keep order. There had been no money to do anything else. Members might know or at least some of them might know from the past history of the financial relations of this province with the Government of India for very many years, that this province had been starved for funds, so that at the beginning of the Reforms, they found themselves unlike the provinces in India far from being properly equipped. They were lacking suitable public buildings and their roads were mostly tracks which in any other country would not be called roads at all."

Sir, it means that Burma has no money to discharge one of the elementary duties of a civilised Government.

THE HONOURABLE THE PRESIDENT: The Honourable Member appears to be disobeying my direction that he must bring his remarks within this clause which deals with the salt tax. I understand that this clause does not apply to Burma.

THE HONOURABLE MR. S. VEDAMURTI: Well, Sir, speaking about the salt tax I can say to this House that the revenue from salt has increased, and, instead of 4½ per cent. which Burma is expected to produce, she has contributed 7 per cent. which is 2½ per cent. in excess of the figure as due from that province. And at what cost? The cost is that nothing could be done to foster the salt boiling industry in the province, for the expenditure will have to be met out of the provincial funds while the revenue is credited to the Central Government. By the way, may I ask the Government of India what has happened to the recommendations of the Reforms Committee that salt should be declared a provincial subject? That recommendation is nearly three years old. I want to know whether it has been shelved. The Honourable Mr. W. J. Keith, the Finance Member, again speaking in the Burma Council the other day said:

"The main object which the Local Government has in view in asking that salt be declared a Provincial subject is to enable it to devise further measures for the protection of Burma salt against foreign competition. So long as salt remains a Central subject it is not probable that the Government of India will consent to spend funds on its protection. Duty on foreign salt is levied by the Officer of the Customs Department and it is collected at considerably less cost than the excise duty on local salt, as the supervision of local manufacture involves the entertainment of a large Preventive Establishment."

Sir, during the war Burma was self-contained so far as salt manufacture was concerned. Sir Richard Dane, speaking the other day before the Royal Society of Arts said that the future of the local industry in Burma was doubtful. He also said that although imports of foreign salt decreased the output of local salt was increased proportionately. My complaint is that sufficient funds are not allowed to the Burma Government, and thereby our industries, especially the salt industry, suffer.

THE HONOURABLE LALA SUKHBIR SINHA (United Provinces Northern: Non-Muhammadian): It is a great pleasure to me to see that the Government of India have found it possible to reduce the salt duty from Rs. 2 to Rs. 1-4-0 as provided in this clause. I think it is a great victory for the Members of this Council as well as of the other House and the people of India as a whole to have been able to force upon the attention of the Government of India the necessity of a reduction in the salt duty. Honourable Members may remember how heated a discussion we had on this point last year and the year before last, but the Government of India took no notice and the salt duty was raised last year from Rs. 1-4-0 to Rs. 2-8-0. In the original Finance Bill it was proposed to fix the duty at Rs. 2 per maund, but many of us were prepared to put forward amendments against it. But now it is a great pleasure to see that the Government of India have after all found it possible to restore the duty to what it was before, namely, to Rs. 1-4-0. Sir, some of the Members of this Council have referred to the reduction of contributions from the Provincial Governments provided that the salt duty is not reduced to Rs. 1-4-0 but to some other figure. I should also have taken the same line because my province, namely, the United Provinces of Agra and Oudh, also, like the other provinces, would have got at least a reduction of Rs. 30 lakhs a year. But, as I have said before, I prefer a reduction of salt duty to a reduction of Provincial contributions at present. It is possible that next year there may be a further surplus, and as Government have recognised the necessity of reduction in the Provincial contributions, it is possible that we may have a reduction next year. But this year the reduction in the salt duty will be welcome to the country and the action of the Government will be praised by all the people. Therefore, Sir, I congratulate the Government on their action in restoring the salt duty to Rs. 1-4-0.

THE HONOURABLE MR. K. V. RANGASWAMY AIYANGAR (Madras: Non-Muhammadan): Sir, I have always held that the Government are more responsible when they are left to themselves as in the case of a certification of a measure than when they govern with the aid of Councils. My conviction has been corroborated by the events that have taken place in this Session. First of all, Sir, the Finance Member in his speech said that nothing short of Rs. 2 per maund as salt tax would meet the needs of the Budget. But now, when the Government were forced to certification, they have reduced the salt tax from Rs. 2 to Rs. 1-4-0 per maund. This has corroborated my conviction that, if the Government, are forced to enact a measure under certification, there is more responsibility and great care is shown that the minimum needs of the Government alone are met with and so an enhanced duty on salt is not imposed. Sir, the Councils are existing now only to record the decrees of the bureaucracy. Now I am glad the increased responsibility in the Government is due to the action of the Swarajist Party. They have forced the Government to certification and thereby to be more responsible.

In this connection I do not know whether I am permitted to refute the remarks of the Honourable Mr. H. G. Stokes who said something about a telegram from the Members of the Madras Council to the Members of the Legislative Assembly about the salt tax. He said that it was the view of the Madras public that this salt tax should be fixed at Rs. 2 per maund. I should refute that statement at the outset. Some 60 Members sent a telegram to the Members of the Legislative Assembly asking them to accept Rs. 2 per maund and press the Government to reduce the Madras contributions. I cannot understand, Sir, why this difference between Rs. 2 and Rs. 1-4-0 should be earmarked for the reduction of Provincial contributions. Why not the opium revenue, the liquor revenue or some other immoral revenue be set apart for the amelioration of the Madras depressed classes and for the reduction of the Madras contribution? I cannot understand this thing. We have heard that people are held as hostages on the frontier for a particular purpose. I understand also this salt tax is treated as something like a hostage for the Members' assent if they wanted the provincial contributions. Sir, I would prefer that this salt tax should be abolished altogether, but I am glad that it has been reduced to at least Rs. 1-4-0, the original duty fixed upon it. Last year it was stated that this salt tax should be fixed at Rs. 2-8-0. But by certification we have not had any tangible results and the Government have been defrauded to a very large extent by the leakage of information that there would be a salt tax in February last year. I am glad, Sir, that it has been reduced from Rs. 2 to Rs. 1-4-0 per maund, and we see that there is greater responsibility in fixing it when Government are forced to enact a Bill by certification.

THE HONOURABLE PANDIT SHYAM BIHARI MISRA (United Provinces: Nominated Official): Sir, like my Honourable friend, Mr. Stokes, from Madras, I rise to express my regret that it has not been found possible to give any relief to the United Provinces in the matter of their Provincial contribution, from which they are suffering very heavily. Of course, I would not expect the Honourable the Finance Member and the Finance Secretary to be magicians. They cannot wave the magic wand, create funds, reduce taxes and also give relief to Provinces. All these things are impossible, unless they can command some magic at their disposal, which they apparently do not and cannot. But at the same time the question was what was the more urgent, the reduction of the provincial contributions or the reduction of the salt duty? The Government of India have now

decided that the salt tax must be reduced and I have no doubt that they have done so in deference to the expressed wishes of most of the elected Members in the other Chamber as well as in this House. This means a great concession to the wishes of Members, for which I suppose the country will be glad no doubt. But so far as my province is concerned, we are very badly off with the heavy Provincial contribution that we have to pay and our beneficial services are being more or less starved. The thing is—I do not want to be misunderstood—every tax is unpopular, and of course the salt tax is unpopular, especially as it touches almost every individual. But Government cannot go on without taxation. It is impossible to carry on the administration without taxation and we have to see which tax is the best and the lightest to which we can resort. When comparing two taxes we have to see their relative importance, their utility and their advantages. So far as my humble opinion goes, I think it was more necessary in the interests of the United Provinces and some other provinces to reduce and gradually extinguish our Provincial contributions than to reduce the duty on salt from Rs. 2 to Rs. 1-4-0. With salt duty at Rs. 2 per maund, the salt is selling at 11, 12 or at least 10 seers a rupee, and one man cannot consume more than one seer of salt in a month. The cost would come to half a pie per day per head, and it cannot be too much for the people. I have admitted at the very commencement that every tax is unpopular and I do not pretend that the salt tax is not unpopular, but there is a choice between two evils and I think that to refuse to encourage the nation-building services (such as education, sanitation and other matters), so that the people may not have to pay even half a pie per head a day, is not very desirable. But now that the Government of India have thought fit to do this, we cannot but submit to it, but as a Member from the United Provinces—of course, I have been nominated to the Council by His Excellency the Governor General but no doubt His Excellency knew that I was coming from the United Provinces and I am sure I am not committing any sin if I plead for my own province—I am emphatically of the opinion that the United Provinces wanted a reduction in their provincial contribution more than a reduction in the salt duty. (*Cries of "No, no."*) That is my opinion, and that is my honest opinion; it is a question of difference of opinion. (*An Honourable Member*: "This is the official opinion.") No, besides being an official, I claim to be also a man; and I am as much a man as any non-official Member of this Council. As a man who takes some interest in the good of his country, as a man who takes a pride in his country and one who claims to be as patriotic as any non-official, I do believe that a reduction of the Provincial contribution and its gradual extinction would have been of far greater good to the United Provinces than this reduction in salt duty. No doubt, we have to submit to the inevitable; I have nothing further to say.

THE HONOURABLE SIRDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, the circumstances which have necessitated the introduction of this Bill in this Council are regrettable not only from the financial and economic point of view but also from the political point of view. The relief which appeared to be within the grasp of some of the Provinces at one time seems to have vanished not only for this year but I am afraid for some time to come. More than that. The opportunity for the working of the reforms to their best advantage has been allowed to slip by and that too at a time when the Government of India and His Excellency the Viceroy are whole heartedly with us in our aspirations. Nothing could be more unfortunate than this. In the exigencies of the present situation the

[Sirdar Charanjit Singh.]

Government of India have introduced the present Finance Bill with the salt duty fixed at Rs. 1-4-0. It has come with His Excellency's recommendation and I think it is our clear duty to support it. It is to be hoped that the benefits of reduction in taxation will filter down to the people and that the Government and the Provinces will reap the reward of the sacrifice they are making in the gratitude of the masses. I support this Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 2 do stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is—

"That clause 3 do stand part of the Bill."

THE HONOURABLE MR. S. VEDAMURTI: So far as Burma is concerned, I find from a telegram that I hold in my hands that the imposition of a tax under this clause will be a great hardship. Three match factories in Rangoon, the Mahlmagon Match Factory, the Muslim Match Factory and the Rangoon Match Factory Works have sent me a telegram to the effect that the imposition of such duties would cripple this infant industry in Burma. The telegram says:

"We who have lately started match factories find ourselves greatly handicapped owing to the new levy of heavy specific duties on boxes and splints. Properly nursed for a couple of years or so, this industry has great future possibilities. Much spade work for boxes and splints-making is still necessary. We strongly request your refusal in levying any specific duties as that would immediately bring to a dead stop the newly started factories working for the present with import boxes and splints with prospects of replacing the imports of these goods by locally made boxes and splints in course of time only."

That is the telegram. I understand from my friend, the Honourable Mr. Dawn, my colleague who represents the Burma Chamber of Commerce in this House, that amid the vast forest resources in Burma suitable usable wood for splints and boxes has not yet been discovered. The object of these companies is, I find, therefore not to evade the imposition of any tax for all time but to start the new industry with the help of imported splints and boxes and thereafter to substitute them with Burma materials, when proper wood is found. It is true that there are possibilities of finding out the right sort of wood for making the splints but they say that it would take time. When we talk of the need of Protection for new industries such as steel, is it fair to tax the splints and boxes imported into this country when the match industry is still in its infancy? The free import of splints and boxes will for the present act as Protection to this new industry. Let me exhort the Finance Member to pause and consider whether he cannot dispense with this tax for the present.

THE HONOURABLE MR. LALUBHAI SAMALDAS (Bombay: Non-Muhammadan): I sympathise with the Commerce Member in his difficulties as to how he would tax imports and yet do it in such a way as not to kill or damage any newly started industries. As my friend Mr. Vedamurti said, a number of new industries have been started in Bombay also. At the same time in Bombay we have some old-standing match factories which are using indigenous wood. One of them and perhaps the most important

is the Gujerat Islam Match Factory. In this connection I want to say something about what my Honourable friend Sir Deva Prasad Sarvadhikary said. He said that he wanted some assistance and concessions from his Government. His Government did not give it. In my province it is about 20 years back that the officer who was the Commissioner of Gujerat gave concessions to the Gujerat Islam Match Factory as regards the forest produce of Gujerat. Bombay thus takes the lead as regards assistance given by Government to infant industries. The agents of the factory have sent round circulars to the Members in which they say that those who use indigenous wood should have some protection against newly started industries which use imported splints and boxes. Moreover, it means a loss of income to Government. Government therefore must have sufficient income and must not allow the new industries to be put on a better level than those industries which are using indigenous wood. Mr. McWatters made clear in his opening speech the fact that new industries will have to pay this duty which has risen according to his calculation 25 to 30 per cent. but according to my inquiries about 15 to 20 per cent., so that they would not really be so hard hit as the senders of the telegram to Mr. Vedamurti tried to make out. The step that the Government are now taking protects the old industries that are using Indian wood and also gives sufficient protection to those industries which have been recently started. At the same time it will bring more income to the Government. I therefore support this motion.

THE HONOURABLE SIR CHARLES INNES (Commerce Member): The Honourable Mr. Lalubhai Samaldas has anticipated most of what I was going to say. Mr. Vedamurti has complained that the duties which we propose to put on imported splints and veneers will ruin the new industry which has lately sprung up in India. I should like to say on behalf of the Government at once that we have no animus against this new industry, but the fact of the matter is that we do not think it right that we should sacrifice over a crore of revenue in order to protect this new industry. After all what does this new industry consist of? We have been compelled to impose upon matches imported into India an exceedingly high duty of Rs. 1-8-0 a gross. It is equivalent to something like 200 per cent. I may say at once that, though that duty sounds very high, yet the incidence is so widely distributed that it is not felt very much by the people. But as always happens when you have a very high duty of this kind, the trade looks for ways to get behind that duty and with great skill and cleverness the match trade has managed to get behind the duty. It has discovered that, if they import from Japan and from Sweden untipped splints and the veneers of match boxes and the necessary chemicals, they have to pay on these component parts only a duty of 15 per cent. That duty on a gross of boxes comes only to 2 annas against Re. 1-8-0 on imports of finished matches. All they have to do is to make the tipping mixture as it is called to tip the splints with the mixture to glue the veneers into boxes and to put the matches into the boxes. All that does not cost very much, and the consequence is that they get such an enormous advantage by this tipping method that our information was that, if we did not take immediate action, we should lose a greater part of our revenue by July next. That is to say we should sacrifice, as I said just now, nearly a crore and a half of revenue in order to protect an industry which after all merely consists in assembling in this country the component parts of finished matches. I think the Council will agree with me that it is not worth while

[Sir Charles Innes.]

to sacrifice that amount of money in order to help an industry of this kind. Further, as Mr. Lalubhai Samaldas pointed out, if we protect this assembling industry, it will interfere with those manufacturers in India who are trying to make matches in India out of indigenous wood. I think we can claim that our proposals have been very carefully elaborated. In fact I may say that we have been congratulated by the trade on the extreme accuracy of our information. We can claim also that we are still giving certain advantage to what I may call this assembling or tipping industry. We have worked out that our proposals involve a taxation on matches manufactured from these imported splints of Rs. 1-2-0 a gross. That is to say, they have a margin of almost 6 annas as against the importers of the finished match boxes. That margin we have ascertained is quite sufficient to cover the comparatively small cost which they incur in this country in tipping the matches and in glueing the boxes together. I think that, in view of this explanation, the Honourable Mr. Vedamurti will see that we are entirely justified in the proposals we have made.

There is another point I should like to mention. I think it is quite certain that the larger firms, which have started the importing of splints and matches in this way, will now go a step further. They will probably start importing wood in the log whether it be from Sweden or Japan.

THE HONOURABLE MR. LALUBHAI SAMALDAS: Orders are being placed for them.

THE HONOURABLE SIR CHARLES INNES: My information is also to the same effect, namely, that these firms will go a step further and start importing wood in the log from Sweden or Japan. If the wood is imported from Sweden or Japan, and if the splints are cut in this country and if the veneers are made in this country, then that will be a real genuine industry. At the same time it will set up circumstances which undoubtedly my Honourable friend on the right (the Honourable Sir Basil Blackett) will have to take into consideration. I do not for a moment suppose that the Government of India will impose on an industry of that kind such taxation as will tax it out of existence, but I think we may find it necessary to impose some amount of taxation on that industry. That I think is as far as I can go at present. I should like to make that statement in order that, if the industry is started, it may not be surprised that we have in some way to tax them.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 3 do stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 4 do stand part of the Bill."

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY (West Bengal: Non-Muhammadian): Sir, in connection with clause 4, Schedule II, I have given notice of three amendments. The first of these amendments

THE HONOURABLE THE PRESIDENT: Would the Honourable Member mind raising his voice. I cannot hear him.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: The first of these amendments is:

"A single postcard ... three pies instead of half an anna."

A great deal of salt was attempted to be rubbed into me morning and evening and I am nearly cured. But, Sir, the Honourable Mr. McWatters and those following him, including the Honourable the Finance Member, referred to one or two matters

THE HONOURABLE MR. A. H. LEY (Secretary, Department of Industries and Labour): On a point of order, Sir, may I ask what the three amendments are? There are only two down.

THE HONOURABLE THE PRESIDENT: I do not think the Honourable Member has moved any amendment yet.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: I am moving.

THE HONOURABLE THE PRESIDENT: Which amendment? He cannot move all three together.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: No, Sir. I am moving the first—

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

'Single	...	three pies.
Reply	half an anna."

THE HONOURABLE MR. A. H. LEY: My point was, what are the three? He has only sent notice of two.

THE HONOURABLE THE PRESIDENT: On my paper the Honourable Member has one amendment relating to single and reply postcards and another amendment which refers to Book, Pattern and Sample Packets. That makes two amendments. Am I to understand that the single postcard makes one amendment and the one referring to the reply another?

(The Honourable Sir Narasimha Sarma indicated that that was what was meant.)

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: I am moving that amendment Sir, and the point with regard to which I desire to draw attention and which has not been quite explained is how this House is to take 24 lakhs of rupees as the profit, the net profit as it is called, and not Rs. 1,11,49,000, which is shown as commercial profit on page 3 of Appendix A of the Postal Department Budget. I was referred this morning to paragraph 7 of the note on that page which reads as follows:

"It will be clear therefore that the contribution to general revenues made by the Post and Telegraph Department as shown above is composed of two elements. The actual profit estimated during the year as per profit and loss account and (2) the amount by which reduction of the stock balance exceeds expenditure on the post office buildings and stores

I desire to lay stress upon the word "buildings".

"The net figure reached as a result of transactions under (2) represents the return to general revenues of sums previously taken from general revenues for investment in stocks."

[Dr. Sir Deva Prasad Sarvadhikary.]

The first question that one would put to oneself is, under what orders or resolutions this appropriation of what is called contribution to general revenue came to be made? With regard to Railways I know that it is a moot point as to what proportion of contributions ought to be made. In connection with the railway question I drew the attention of the House this morning to the fact that Lord Meston's award made it 10 crores and a half, or thereabouts, a verdict which was supported by the Inchcape Committee. What the budget proposes now, is a lesser amount. I have no quarrel with that now. I say that so far as that contribution as it is called to the general revenue or, shall I say, absorption of this amount by the general revenue is concerned, I have some quarrel with the process that is described in the note. I will treat buildings and stores separately. With regard to stores perhaps the Government have a stronger case than with regard to the buildings, because it is but right that, in view of future development and the likelihood of India being able in the very near future to supply stores for the Post and Telegraph Department, as well as for other Departments, that the question of stores should be dealt with on a different basis altogether and the existing stores should be got rid of quickly. But with regard to buildings, Sir, if my information is correct—and I am open to correction—these buildings have largely come out of the surplus balance of the Postal Department for a series of years. It is only recently that, owing to reasons that we need not go into now, due perhaps to the amalgamation or other causes, the Postal and Telegraph Department have not been paying as well as they ought and had done in the past. It was in those fat years that these buildings came to be built. There was no commercial system of keeping accounts in those days—commercial accounting has been introduced recently. But the question is, if you have this year a crore and 11 lakhs to the good as you undoubtedly have, is it just that a Department that requires so much development should have the whole or nearly the whole of its well-earned surplus absorbed by the costs of buildings which had taken many years to build up are now proposed to be absorbed back in the General Revenue in a year or two years? That is the proposition to which I am unable to assent in the absence of any other explanations. If, on the other hand, it was spread over several years, as it ought to be, I think some of that crore and 11 lakhs would be available for the same purposes as what is called 'net total' on page 2 of the same statement—the net total that is shown as Rs. 24,38,000.

Then Sir, I have referred to the need of development in that Department. I recognize the needs are great. The rural system has to be developed; that has been referred to. There is also the question of pay and pensions. I do not know what the Department would be able to do if the whole of that question was to be taken up in the way the Department itself has suggested. I know there is strong opposition in the Department itself to a reduction in the rates of postcards. They have put forward a scheme of "irreducible minimum" of salary. And as regards revision of salaries so far as the menial and clerical staff alone is concerned, that would require about three crores, and if the superior staff is to be taken into consideration it would come to about four crores. I do not want to quarrel with any benefactions the Department may be able to give to its officers whose pay was revised in 1920 when prices were 60 or 70 per cent. lower. We must recognize what the post office has been trying to do for us—the admirable one anna envelopes, for example, which have been quite thrown in, are absolutely full value for the money. Then probably the post office will be listening to representations

that there ought to be more writing space on the postcard itself, more writing space on money order coupons, and little things like that I know take money; and from that point of view as well as from the point of view I am pressing before the House now, is it right and just that the whole of this one crore and 11 lakhs should be by one stroke of the pen put down as contribution to the general revenues? I did not quite follow the Honourable Mr. McWatters this morning, but so far as I know, I believe the whole of the capital outlay is paying interest now, if the capital itself has not been paid up. If it is not paying interest I am afraid that under the scheme of commercial accounts provision for payment of interest may have to be made, so that both sides of the accounts may be balanced. But the point that I would like to lay stress upon is that at least a large portion of this one crore and eleven lakhs ought to be available for postal purposes, be it for the reduction of the postcard rate or be it for developments of the kind that I have indicated. I am glad to have an affirmation of the principle laid down in Mr. Clarke's admirable book some time ago that the Post Office and Telegraph Office ought not to be regarded by Government as a revenue-producing Department but it has to be popularized. We have had figures this morning which show that there was certainly a fall in the postcard revenue when there was an increase in the rates. There has been some recovery, and we have been told that the falling off was not so much in the mufassil as it was in the cities. The Honourable Mr. McWatters forgets that it is the misfortune of the country that the people are now rushing to live in the cities, and the countryside is being absolutely neglected; that is the reason why he finds that the fall in the number in the cities is more than in the mufassil, in the country, where there are few people left to carry on correspondence through postcards (Laughter.) My friends laugh, but if they will study the history of big cities like Calcutta, Bombay and Madras, and the question of congestion of houses, they will find that as much of the population as can possibly crowd itself into these cities and the lesser cities and district towns, are doing that. It is a case of downright deserted villages,—whether due to malaria, as surmised by my Honourable friend, Nawab Sir Umar Hayat Khan, or for other reasons. Whatever the reasons may be they are not healthy. Therefore, we can take no solace to our hearts because it is only a 5 per cent. falling off in the country regarding postcards and more in the cities.

There is another aspect of the question. If the falling off is more in the cities, why, it shows that trade is suffering. A very considerable quantity of postcards are used for trade purposes, and trade is suffering, and that is not good for anyone, either for the city, or for the country or for the people. All these points of view, Sir, make me think that if a large portion or at all events a fair proportion of this one crore and eleven lakhs be allowed to be absorbed by the Post Office and not allowed to be appropriated by Government for general purposes this year and be added to the net profit of Rs. 24 lakhs—the Department ought to be able to give us cheaper postcards and other improvements. We ought not to forget that, if the rate is lowered, there will be further recovery, and what is apprehended, namely, a loss of 60 lakhs of rupees will not happen. Greater popularity of postcards, with the gap of an anna between the envelope and the pice postcards will not lead to greater loss. I think my Honourable friend knows, and most of our friends know, that the postcard is confined to a certain class of correspondence and the letter to a certain other class. There may be a little crossing of the border in a way considered undesirable by the Government, but I do not think that the fact would materially affect the issue. The major question

[Dr. Sir Deva Prasad Sarvadhikary.]

is how much if any portion of that crore and eleven lakhs is available for postal development proper. I see the Honourable Mr. Chatterjee is constantly shaking his head, and I am afraid I shall have a very poor chance with my amendment if he does not lend me his support, particularly in view of the appeals made morning and evening to-day. Unless I can induce him to part with some of that one crore and eleven lakhs, I do not think that I shall have much hope that the amendment will be successful.

THE HONOURABLE THE PRESIDENT: Amendment moved :

"To Schedule II of the Bill the following amendment moved :

For the entries under the heading 'Postcards', the following be substituted, namely :

Single	...	three pies.
Reply	half an anna."

That amendment is now open to discussion.

THE HONOURABLE LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise reluctantly to oppose the amendment, not because I or the people generally do not like the reduction to be made in postal rates, but simply on the ground that, under the constitution, we must either accept the recommended and certified Bill or reject it. At the same time, Sir, I must express to the Department of Posts and Telegraphs my regret that, notwithstanding their having made a saving of Rs. 24 lakhs, it is deplorable to find that the efficiency of the Post Office has very greatly suffered. The number of despatches and deliveries have been curtailed, the letter-box clearances have also been reduced, and the Department which was famous for its punctuality and certainty is no more in that condition now. The fault lies in the shortage of sorters in the R. M. S. stations. I represented this very matter last year, but I am sorry to say that no remedial measures have so far been taken. The only difference that one finds now is, Sir, that last year, although the Post Office stamped letters and postcards with the stamp of the date of posting, now the letters and postcards do not bear the stamp of the date of posting but that of the next day. Again, Sir, one is always uncertain whether the letters which he posts in time will reach their destination in time or not. With these few remarks, Sir, I solicit the attention of the Department concerned to these matters and ask them not to effect savings at the cost of efficiency.

THE HONOURABLE MR. A. C. CHATTERJEE (Industries Member): Sir, I have no desire to detain the House at this hour of the evening. As a matter of fact I believe the Council has achieved a record this evening. I have made various attempts to come and attend this Council, whenever I could get leave from my distinguished Colleague whose place you are going to occupy very soon, but whenever I have made inquiries, I have been told that the Council had risen. I believe my Honourable friend, Dr. Sir Deva Prasad Sarvadhikary, does not quarrel with the dictum which the Honourable Finance Member laid down a little while ago, namely, that he does not look upon the Posts and Telegraph Department as a source of indirect taxation, but at the same time, Government, enjoying a monopoly of this nature, should use it to the best of their power for the benefit of the general taxpayer. Therefore, as a corollary, it should not

be a burden on the general taxpayer. I gather that my Honourable friend's quarrel is mainly with the rather mysterious sum of a crore and eleven lakhs which is shown as a contribution to general revenues, whereas the profit which has been estimated for the Budget year is only 24 lakhs. This represents the difference between the revenue and the actual working expenses of the Department. I wish to emphasize the fact that it is only an estimate, and that we really do not know whether we shall achieve the result of effecting a profit of 24 lakhs. As regards the item of one crore and eleven lakhs, I confess that I was myself rather puzzled when I saw it in this yellow book. However, I made inquiries, and I found that the explanation was very simple. What happens is this. Every year we purchase a certain quantity of stores for the postal system and for the construction and renewal of telegraph and telephone communications. We have as it were to borrow the money for purchase from general revenues. I am looking upon the Department for the time being as a commercial concern. So, when we actually bring the stores into use, their value is charged against the work or service concerned, and naturally the money used for purchase goes back into general revenues. We cannot debit their value twice over in the accounts. What has happened this year is that we propose to use a very much larger sum in the way of utilisation of stores than was ordinarily the case. The reason is that the capital outlay on new telegraph and telephone lines and buildings is higher, mainly because the development of the Department has been starved in recent years in the interests of retrenchment. It has also to be remembered that part of this amount is incurred for railway and canal purposes for which we get a credit eventually. Secondly, we are trying to cut down the stores which we keep in stock. Formerly, the practice was that we kept in stock the stores which we thought would come into use or would be required for 18 or 24 months. Now, we are cutting down the amount of such reserve stocks in accordance with the recommendation of the Retrenchment Committee. This will be borne out by some figures which I should like permission to quote. For instance, in 1921-22 the capital outlay was 72 lakhs, in 1922-23 the capital outlay was 65 lakhs, in 1923-24 it was 96 lakhs, and next year our estimate of capital outlay is 174 lakhs.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Is my friend quoting from the published Budget?

THE HONOURABLE MR. A. C. CHATTERJEE: No, from figures I have with me.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Not in the published Budget?

THE HONOURABLE MR. A. C. CHATTERJEE: No, but I am furnishing the information my friend asked for. Then, as regards the stocks we have, we had 270 lakhs last April; by the end of this month we shall have reduced this amount to 196 lakhs and then again by the end of next year March 1925 we hope to reduce the stock to one crore. On the other hand, purchases of new stores both in India and in England will be very much smaller. Naturally, therefore, as we are buying few stores and issuing large quantities from stock the repayment or credit to general revenues will be much larger next year than usual. It is not a contribution in the sense that it is a profit earned by the Post and Telegraph Department. Even if it were a contribution, which it is not, we cannot count on it every year. The amount will be very much less in future years. Then we will really have

[The Honourable Mr. A. C. Chatterjee.]

to depend on the actual profits of the Department as has been estimated. For the Budget year we estimate the profits to be only 24 lakhs and any reductions of rates which my Honourable friend proposes must be based on the estimate of these profits and not on the estimate of any stores that we consume. Now, my Honourable friend has suggested that we might be able to find the 60 lakhs next year out of this one crore and 11 lakhs.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: less than 60 lakhs.

THE HONOURABLE MR. A. C. CHATTERJEE: It is not less than 60 lakhs. As a matter of fact, my estimate of the cost of the reduction which my Honourable friend proposes in this amendment is much larger than 60 lakhs. The reduction on postcards only, allowing for an increase in postcards and a decrease in letters, will amount to about 60 lakhs. But in addition we will have to maintain a staff to deal with increasing traffic. The cost of that staff will certainly amount to 10 to 15 lakhs, because naturally the carrying of these postcards will mean a certain amount of cost in railway haulage, in postal runners, in additional staff at the post offices, etc.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Was the staff reduced when the postcard rate was raised?

THE HONOURABLE MR. A. C. CHATTERJEE: Undoubtedly, it was reduced. We have effected a reduction of over 160 lakhs in the cost of the Post and Telegraph Departments. Therefore the cost of the proposal which my Honourable friend is making will come to about 80 lakhs. As a matter of fact, we cannot afford it. As my Honourable friend, Mr. McWatters explained earlier in the day, we cannot possibly afford to lose these 80 lakhs; the result will be that we will not be able to develop postal facilities, which we are most anxious to do. I cannot expect my Honourable friend, broadminded as he is, to give us money for providing new postal facilities, when the department costs him from 50 to 60 lakhs from general revenues. It would be suicidal from the point of view of the Department. As has been stated already by the Honourable Sir Basil Blackett, we have given a pledge for the development of rural facilities. My Honourable friend just now complained of the exodus from the villages to the towns. I believe it is rather marked in his own province, in Bengal. It is not quite so marked in other provinces, such as the United Provinces.

THE HONOURABLE LALA SUKHBIR SINHA: I think it is marked there also.

THE HONOURABLE MR. A. C. CHATTERJEE: My own information is otherwise. Well, if you are going to stop this exodus from the villages to the towns, you must provide ordinary facilities, postal and telegraphic, for the villages. I am afraid my Honourable friend will only hinder the object which he himself has in view, which is that of assisting the people in the villages. I have every sympathy with his object and I think that it can only be gained by providing for more post offices and more telegraph offices in the villages. In order to do that, we must have a small surplus to show to my Honourable friend, the Finance Member, in order to get the money for starting these post offices and telegraph offices. I appeal to my Honourable

friend's anxiety to retain the people in the villages. Let him give us time to develop postal facilities in the villages. Let him give us time to find out how the general revival in trade conditions affects the postal and telegraph revenues. Let him give us time to find out how prices get stabilised in order that we may know how much we can reduce in establishments and so forth. Then it will be time enough to ask for a reduction in postal and telegraphic rates. If you insist on reduction at once, you will only hinder the development of the Department. I wish only for a moment, Sir, to refer to what my Honourable friend, Mr. Ram Saran Das, said about the decrease in the efficiency of the Department. I regret that he should have any reasonable complaint in this respect. I did not know what his exact complaint was, and I shall certainly inquire, into the matter, but what I should like to point out is that, in order to make the Department a paying proposition, that is to say, that it should be neither a source of revenue nor a source of expenditure to the general revenues, we have had to cut down the expenditure on the Department by nearly a crore and a half, and naturally you cannot expect the same high standard of facilities to the general public in the way of deliveries and despatches that you could have expected before these retrenchments were made. We are trying to do all we can in this respect. We have got a Financial Adviser to scrutinise every proposal that comes up, not only from the point of view of economy, but from the point of view of earning bigger profits. And all I ask is that this House should give us more time.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Sir, my friend reminds me of the Marwari who could not read his own beautiful script and abused the scribe. I am not going to press the amendment, but his explanation does not satisfy me but amazes me. If he is puzzled by what I have brought to his notice how much more puzzled must I be? As he cannot make anything of it, except with the aid of a long array of figures supplied to him by his office but not to me, I was well entitled to draw my conclusions. It is no use my pressing the amendment if Government are determined to give up no portion of the commercial profits.

THE HONOURABLE LALA RAM SARAN DAS: Sir, the Honourable Mr Chatterjee has said that I have not been quite clear on the point as regards the inefficiency of the postal department. With your permission, Sir, I would like to explain what I meant.

THE HONOURABLE THE PRESIDENT: I do not think that is quite a personal explanation. A personal explanation does not mean going into the details of your complaint.

THE HONOURABLE LALA RAM SARAN DAS: He said that I was not clear on the matter.

THE HONOURABLE SIR MANECKJI DADABHOY: You are very clear.

THE HONOURABLE THE PRESIDENT: I understand that the Honourable Dr. Sir Deva Prasad Sarvadhikary asks for the leave of the Council to withdraw the amendment which stands in his name.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: With your permission, Sir.

THE HONOURABLE THE PRESIDENT: Is it your pleasure to give leave to the Honourable Dr. Sir Deva Prasad Sarvadhikary to withdraw the amendment standing in his name?

(The Honourable Mr. K. V. Rangaswamy Ayyangar objected.)

THE HONOURABLE THE PRESIDENT: There being one dissentient voice, I must put the amendment to the House.

The question is:

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

'Single

three pies.

Reply

half an anna'."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 4 do stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

THE HONOURABLE THE PRESIDENT: At this late hour I do not propose to take up the other clauses of the Bill.

The Council then adjourned till Eleven of the Clock on Tuesday, the 25th March, 1924.