

3rd March, 1925

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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LEGISLATIVE ASSEMBLY.

Tuesday, 3rd March, 1925.

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

MEMBER SWORN:

Mr. Panambur Raghavendra Rau, M. L. A. (Finance Department: Nominated Official.)

QUESTIONS AND ANSWERS.

PAYMENT OF OVERTIME ALLOWANCES TO THE STAFF OF THE CALCUTTA RAILWAY MAIL SORTING OFFICE FOR WORKING EXTRA HOURS.

1053. ***Mr. Amar Nath Dutt:** (a) Is it a fact that Mr. C. D. Rae, Presidency Postmaster, Calcutta, ordered the staff of the Calcutta R. M. S. Parcel Sorting Office to work for 9 hours without any overtime allowance? If so, why?

(b) Will the Government pay overtime allowance to the staff for the additional labour? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: (a) The reply to the first part of the question is in the affirmative. On a few occasions between December 1923 and October 1924, the Presidency Postmaster, Calcutta, had to call upon sorters in the Parcel Sorting Office to work for extra hours to clear off accumulations of parcels.

(b) The answer is in the negative. Government do not admit that overtime allowances should be allowed in such circumstances, and in this case the arrears were due mainly to short outturn by the men

ACCUMULATION OF PARCELS IN THE CALCUTTA RAILWAY MAIL SERVICE SORTING OFFICE.

1054. ***Mr. Amar Nath Dutt:** (a) Are the Government aware that there was heavy accumulation of work in the Calcutta R. M. S. Parcel Sorting Department resulting in unusual delay in delivery of parcels to the public?

(b) Has the attention of the Government been drawn to the article published in the *Englishman* dated the 4th October 1924, re accumulation of parcels in the Calcutta R. M. S. Parcel Sorting Department?

(c) Has the attention of the Government been drawn to the fact that the Superintendent, Calcutta Sorting, in the course of his interview with the representative of the *Englishman* admitted that the heavy accumulation was due to the inadequacy of staff?

(d) If so, have the Government sanctioned additional staff?

The Honourable Sir Bhupendra Nath Mitra: (a) There have been occasional accumulations recently.

(b) Yes.

(c) The Superintendent was not correctly reported. He intended to make it clear that the accumulation was due more to heavy absenteeism among the staff than to any other cause.

(d) No.

DEPUTATION OF CLERKS OF THE GENERAL POST OFFICE, CALCUTTA, TO WORK IN THE PARCEL SORTING OFFICE.

1055. ***Mr. Amar Nath Dutt:** Is it a fact that Mr. C. D. Rae issued a general order compelling the staff of the G. P. O., Calcutta, to work in the Parcel Sorting Office in contravention of well defined Post Office Manual rules? If so, why?

The Honourable Sir Bhupendra Nath Mitra: No. Only on one occasion when there was an accumulation of parcels in the Parcel Sorting Office owing to absence of a large number of sorters, some General Post Office clerks were deputed to work there as a temporary arrangement. They were withdrawn as soon as the accumulation was cleared. No rules in the Post Office Manual were contravened.

DEPUTATION OF MR. C. D. RAE, PRESIDENCY POSTMASTER, CALCUTTA, AND LIEUTENANT-COLONEL S. C. SINCLAIR, SUPERINTENDENT, POST OFFICES, SOUTH CALCUTTA DIVISION, TO STUDY SORTING ARRANGEMENTS IN BOMBAY.

1056. ***Mr. Amar Nath Dutt:** Is it a fact that Mr. C. D. Rae, Presidency Postmaster, Calcutta G. P. O., and Lt.-Col. S. C. Sinclair, Superintendent of Post Offices, South Calcutta Division, were sent to Bombay in November last at Government expense? If so, were these officers deputed specially to look into the system of sorting work in Bombay with a view to its introduction in Calcutta Sorting Office? If the reply be in the affirmative, why was not the Superintendent, Calcutta R. M. S., deputed for the purpose? If the reply be in the negative, what was the purpose of the deputation?

The Honourable Sir Bhupendra Nath Mitra: The reply to the first part of the question is in the affirmative.

With respect to the second part, these officers were deputed to Bombay to see whether any of the arrangements in the sorting office there could be usefully applied to the case of the Calcutta Sorting Office.

With respect to the third part, it was contemplated to appoint Lieutenant-Colonel Sinclair as Superintendent, Calcutta Railway Mail Service.

The fourth part of the question does not arise.

PROMOTION OF BABU LALIT LAL CHATTERJEE OF THE CALCUTTA GENERAL POST OFFICE TO A SELECTION GRADE.

1057. ***Mr. Amar Nath Dutt:** (a) Is it a fact that Babu Lalit Lal Chatterjee, an official of the Calcutta General Post Office, was permitted to officiate in the selection grades Rs. 145—170 and Rs. 175—225 and subsequently was confirmed in the selection grade of Rs. 145—170 but was reverted to the time-scale on reinstatement in appeal of Babu Hari Charan Mukherjee, Postmaster, Hatkhola?

(b) Will the Government please state the reasons why Babu Lalit Lal Chatterjee has not been considered eligible for appointment in the selection grade although several vacancies have since occurred and been filled up by officials junior to him?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. Babu Lalit Lal Chatterjee was promoted to a selection grade on a year's probation, but had to be reverted within the period of his probation.

(b) He was deemed unfit for permanent promotion to a selection grade.

REDUCTION OF THE WORKING HOURS OF POSTAL OFFICIALS IN THE
SILIGURI SUB-OFFICE.

1058. ***Mr. Amar Nath Dutt:** (a) Are the Government aware that the Superintendent of Post Offices, Jalpaiguri Division, has directed the staff of the Siliguri Sub-Office to be in attendance at the office for hours ranging between 10 and 12½ hours every day?

(b) Will the Government please state the period of attendance fixed for the postal officials?

(c) If the period fixed for the postal officials of Siliguri by the Superintendent be in excess of the prescribed standard are the Government prepared to direct the Superintendent to reduce the working hours in conformity with the standard?

The Honourable Sir Bhupendra Nath Mitra: (a) The Superintendent ordered the staff to work for nine hours a day as a temporary measure.

(b) Not less than eight hours a day.

(c) Steps have been taken to reduce the hours.

GRANT OF A LOCAL ALLOWANCE TO THE SUB-POSTMASTER, KOLASIB, IN
THE LUSHAI HILLS.

1059. ***Mr. Amar Nath Dutt:** (a) Is it a fact that a local allowance has been sanctioned by the Government of India for the Postal and R. M. S. workers in the Lushai Hills?

(b) If so, will the Government please explain why the Sub-Postmaster, Kolasib, in the Lushai Hills has been deprived of the concession?

(c) Do the Government propose to sanction payment of the local allowance to the said Sub-Postmaster?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, so far as the clerical staff are concerned.

(b) and (c). The whole scheme of local allowances for postal officials in Assam has been under examination and final orders in the case of the Sub-Postmaster, Kolasib, will be issued as soon as possible.

ELIGIBILITY OF CLERKS EMPLOYED IN THE DEAD LETTER OFFICE,
CALCUTTA, FOR PROMOTION TO THE SELECTION GRADES.

1060. ***Mr. Amar Nath Dutt:** (a) Will the Government please state as to whether the clerks employed in the Dead Letter Office, Calcutta, are eligible for appointments in the selection grades in that office? If so, why has the appointment of Assistant Manager on Rs. 250—850 been filled up by an official from the office of Postmaster General, Bengal and Assam?

(b) Will the Government please state whether the selection grade appointments in the office of the Postmaster General, Bengal and Assam, are also filled by the clerks of the Calcutta Dead Letter Office?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. When the post of Assistant Manager on Rs. 250—350 was filled, there was no appointment in the next lower grade, namely, Rs. 175—225, sanctioned for the Dead Letter Office and the senior fit official in the latter grade in the Postmaster General's office had to be selected.

(b) No.

RETIREMENT OF BABU JOGENDRA NATH BISWAS, A CLERK IN THE
DEAD LETTER OFFICE, CALCUTTA.

1061. ***Mr. Amar Nath Dutt:** Are the Government aware that continuous extension of service has been granted to Babu Jogendra Nath Biswas, clerk, Dead Letter Office, Calcutta, with the result that the flow of promotion of the clerks in the time-scale to the very scanty selection grade appointments has been blocked? If so, are the Government prepared to issue orders for the official's immediate retirement?

The Honourable Sir Bhupendra Nath Mitra: Babu Jogendra Nath Biswas has been granted a year's extension of service after attaining the age of 55 years. His case is governed by Fundamental Rule 56 (b) and the question of his immediate retirement does not, therefore, arise.

GRANT OF EXTRA ALLOWANCE TO CLERKS OF ALL HEAD OFFICES IN
BENGAL AND ASSAM FOR POSTING INTEREST IN THE SAVINGS BANK
LEDGERS.

1062. ***Mr. Amar Nath Dutt:** (a) Is it a fact that an allowance is given to the clerks of the Calcutta General Post Office for posting interest in the Savings Bank Ledger Book, while the same is not given to clerks of other Head Offices in the Bengal and Assam Circles?

(b) If the reply be in the affirmative, will the Government please state the reason, why they are not paid extra allowance, although they are required to do the same kind of work as the clerks of Calcutta General Post Office?

(c) Whether Government proposes to give extra allowance to the clerks of all Head Offices in Bengal and Assam, who are required to post interest in Savings Bank Ledgers?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) and (c). It has not been found necessary to make special arrangements in other offices in the Circle.

ALLEGED ASSAULT BY A SOLDIER ON A POSTAL OFFICIAL IN THE
DUM DUM POST OFFICE.

1063. ***Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to an article entitled "Abuses of Postal officials by the public" published in *Labour*, dated December 1924?

(b) If so, have the Government made any inquiries into the alleged incident of a soldier named L. C. B. Auckland of the 2nd South Wales Borderers, Dum Dum, having trespassed into the Dum Dum Post Office and committed an unprovoked assault on a postal official on duty under circumstances related in the article?

(c) If the reply be in the affirmative, will the Government please state the result of the inquiry and whether it proposes to take any action, legal or departmental, for securing the punishment of the soldier?

(d) Is it a fact that the case was reported to the Postmaster General, Bengal and Assam, by the General Secretary, Provincial Postal and R. M. S. Association, Bengal and Assam? If so, what action was taken by him in the matter?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) Inquiries have been made.

(c) The clerk lodged a complaint of assault against the soldier with the police and the soldier brought charges against the clerk and a postman of tearing his pass-book and of assault, respectively. The Officer Commanding gave an undertaking that he would warn his men against using violence or abusive language to postal officials in any circumstances and, as the police were not in favour of proceeding with the case, no further action was considered necessary.

(d) Yes. The General Secretary was informed of the result of the inquiries.

OFFICIATING AND PERMANENT APPOINTMENTS IN THE SELECTION GRADES
IN THE CALCUTTA GENERAL POST OFFICE, ETC.

1064. ***Mr. S. C. Ghose:** (a) Will the Government please state how the officiating and permanent appointments of the selection grades in the Calcutta General Post Office and the mofussil Post Offices in the Bengal and Assam Circle are filled up?

(b) Is it a fact that Babu Manmohan Nath Dutta, a junior official in the time-scale, has been officiating continuously for a long period in the selection grade of Rs. 175—225 in the Calcutta General Post Office although there are numerous senior officials both in the time-scale as well as in the selections grade appointments of Rs. 145—170?

(c) Is it a fact that Babu Karindra Nath Ghosal who was a clerk of the office of the Postmaster General, Bengal and Assam, and recently promoted as head clerk, Calcutta General Post Office, on Rs. 145—170 was permitted to officiate in the higher selection grade of Rs. 250—350 as Postmaster, Pabna and Faridpur, for a long time and has now been officiating as Postmaster though there were and are numerous senior officials in the grades of Rs. 145—170 and Rs. 175—225 in the Calcutta General Post Office and the whole circle?

(d) Were all senior officials in the Bengal and Assam Circle who have been superseded by Babu Karindra Nath Ghosal considered as unfit for officiating promotion in the selection grade appointment? If so, were the superseded officials given any chance of rebutting the charge of unfitness?

(e) Do the Government propose to take any action in the matter?

The Honourable Sir Bhupendra Nath Mitra: (a) Permanent promotions to the selection grades are based solely on merit and efficiency. This principle is followed also in the case of officiating promotions subject, according to the exigencies of the service, to the selection of the fit officials most readily available.

(b), (c), (d) and (e). Government have no information. Superseded senior subordinates who considered that they have a grievance are at liberty to appeal in the usual manner.

CONSTRUCTION OF THE RAILWAY FROM RAIPUR TO VIZIANAGRAM
VIA PARVATIPUR.

1065 ***Mr. W. S. J. Willson:** With reference to the creation of a Harbour at Vizagapatam, will Government please state when the construction of the Railway from Raipur to Vizianagram *via* Parvatipur will be taken in hand?

The Honourable Sir Charles Innes: The construction of the Raipur Parvatipur railway will be undertaken at the same time as the construction of the harbour works at Vizagapatam. We hope to begin work on both projects as soon as the sanction of the Secretary of State, which has been applied for, is received.

Sir Campbell Rhodes: When is that sanction expected?

The Honourable Sir Charles Innes: That, Sir, is a question which it is quite impossible for me to answer. All I can say is that sanction was applied for some time ago.

MR. HORNIMAN'S DEPORTATION.

1066. ***Mr. Chaman Lall:** Are the Government prepared to give effect to the Resolution passed by the Legislative Assembly with regard to Mr. Horniman's deportation?

The Honourable Sir Alexander Muddiman: The answer is in the negative.

Mr. Chaman Lall: Will the Honourable Member give us the reason why the answer is in the negative?

The Honourable Sir Alexander Muddiman: The Government of India do not consider the presence of the gentleman in question desirable in India in the public interests.

Mr. Gaya Prasad Singh: Are you prepared to prosecute Mr. Horniman for any offence he may have committed?

The Honourable Sir Alexander Muddiman: I am not aware that he has committed any offence.

Mr. Chaman Lall: Is the Honourable Member prepared to give effect to the Resolution passed by the Assembly on this subject?

The Honourable Sir Alexander Muddiman: I have already answered that question.

Mr. Chaman Lall: Is the Honourable Member aware that a great deal of dissatisfaction is prevalent in the country because of the action taken against Mr. Horniman?

The Honourable Sir Alexander Muddiman: I am not aware of it.

Mr. Chaman Lall: Does the Honourable Member ever read the daily newspapers?

Mr. A. Rangaswami Iyengar: May I know, Sir, the reasons which induced the Government to refuse to give effect to the Assembly's Resolution?

The Honourable Sir Alexander Muddiman: If the Honourable Member will read the debate on the occasion he will find the reasons there.

Mr. A. Rangaswami Iyengar: In spite of the arguments adduced on the floor of this House, the Assembly chose to pass the Resolution and I want to know whether there has been any subsequent reason to that which induced Government not to give effect to the considered Resolution of the House.

The Honourable Sir Alexander Muddiman: The Resolution was passed in spite of the arguments of the Government, which the Government still consider valid.

Mr. Chaman Lall: May I, with your permission, Sir, ask the Honourable Member whether that decision rests finally with the Secretary of State for India or with the Government of India or the Government of Bombay?

The Honourable Sir Alexander Muddiman: What decision?

Mr. Chaman Lall: The decision with regard to Mr. Horniman's deportation?

The Honourable Sir Alexander Muddiman: I imagine it rests with the Secretary of State finally; but the Government of India are not prepared to recommend to the Secretary of State to allow Mr. Horniman to return to India.

Mr. Chaman Lall: Will the Honourable Member be prepared to make a recommendation to the Secretary of State?

The Honourable Sir Alexander Muddiman: Certainly not, Sir.

Mr. Chaman Lall: Will the Honourable Member have the wishes of this House, as far as they have been expressed by the Resolution passed by us, conveyed to the Secretary of State?

The Honourable Sir Alexander Muddiman: The Secretary of State has no doubt before him the Resolution passed by the House.

Mr. K. Ahmed: Are Government aware that between the time when this Resolution was passed and now the opinion of the House has become different? (Laughter.)

Mr. A. Rangaswami Iyengar: I challenge to prove it.

Mr. Chaman Lall: The Honourable Member (Mr. K. Ahmed) knows that that statement of his is untrue.

APPOINTMENT OF COLONEL NEEDHAM TO INVESTIGATE THE QUESTION OF IMPROVEMENT IN THE MEDICAL ARRANGEMENTS ON THE NORTH-WESTERN RAILWAY.

1067. ***Mr. Chaman Lall:** (a) Is it a fact that a new post was created for Colonel Needham on his retirement?

(b) Will Government state the remuneration paid to Colonel Needham and the privileges attaching to his office?

(c) Will Government state the necessity for the creation of this post?

The Honourable Sir Charles Innes: (a) and (c). No. The services of Colonel Needham were obtained for the purpose of investigating the question of improvement in the medical arrangements on the North Western Railway.

(b) Rs. 3,000 per mensem *plus* any further concession which may be given under the recommendations of the Lee Commission to officers of his standing. He is also given travelling facilities as a railway officer.

Mr. Chaman Lall: Is the Honourable Member aware that this is an absolutely unnecessary post and will he take immediate steps to have the post abolished?

The Honourable Sir Charles Innes: I can only say that I entirely disagree with the Honourable Member.

Mr. Chaman Lall: Is the Honourable Member aware that there were motions for reduction under this very head in the Railway Budget and that owing to the guillotine they could not be reached?

NORTH-WESTERN RAILWAY SLEEPER CONTRACT.

1068. ***Lala Hans Raj:** Will the Government be pleased to lay on the table the report of the Central Advisory Committee with regard to the North-Western Railway Sleeper Contract as promised in reply to Diwan Chaman Lall's question of the 10th September, 1924, together with a copy of the resolution or other proceeding that Government may have taken on that report?

The Honourable Sir Charles Innes: The Honourable Member is referred to the answer given on 24th February, 1925, to Lala Duni Chand's question on the same subject.

EDUCATION OF THE CHILDREN OF GOVERNMENT OF INDIA EMPLOYEES.

1069. ***Mr. Kumar Sankar Ray:** (a) Has the attention of the Government been drawn to the article headed "Government of India Clerks" dealing with the defects in the arrangements for the education of their children published in the *Wealth and Welfare Weekly*, dated Lucknow, the 28th January 1925?

(b) What action do the Government propose to take in the matter?

Mr. J. W. Bhoré: (a) The Government of India have seen the article.

(b) The Government of India have done and will continue to do all that can reasonably be expected in the matter of improving the facilities for the education of the children of their employees.

DEFECTS IN THE "D" CLASS INDIAN CLERKS' QUARTERS AT RAISINA.

1070. ***Mr. Kumar Sankar Ray:** Are the Government aware of the following defects in the "D" class Indian clerks' quarters at Raisina and what action do they propose to take to remove them:

(a) The kitchen room has no ventilators for the outlet of smoke which cannot pass out when the door is closed against the cold wind in winter;

- (b) The godown room has got 2 unnecessary ventilators large enough for a thief to pass through even when the door is closed;
- (c) The outer walls are so low that any one can leap over them without any difficulty, and thus make the task easy for thieves;
- (d) The bath room has got a network of bricks (instead of a window) which allows an unrestricted passage of air into the room when it is not desired in winter.

The Honourable Sir Bhupendra Nath Mitra: (a), (b) and (c). I think my Honourable friend has been misinformed. The kitchen room in the "D" class quarters is provided with a fire-place and flue, there are no godowns in these quarters, and the outer walls are eight feet high.

(d) It is correct that the bath room or bathing place is provided with honey-comb brick work in place of a window. A representation has been received asking for the substitution of a glazed window with bars, and is under consideration.

NEW APPOINTMENTS IN THE STORES DEPARTMENT.

1071. ***Mr. Kumar Sankar Ray:** (a) Is it a fact that some new appointments were sanctioned for the Stores Department last year on the ground that the staff was overworked and that relief was required urgently?

(b) If so, how many appointments were sanctioned and how many, if any, of them are still unfilled and what were the circumstances under which it was considered necessary to sanction them urgently?

The Honourable Sir Bhupendra Nath Mitra: Most of the appointments created in the Stores Department last year were sanctioned in pursuance of the general scheme for the development of the Department. There were, however, a few appointments of subordinates, clerks and menials sanctioned on the ground of urgent necessity. All these appointments, with the exception of one junior clerkship, have been filled. All the appointments sanctioned in connection with the expansion of the Department have been filled with the exception of two Inspectorships, four Examiner-ships and one Draughtsman's appointment. The appointments generally were filled as necessity for recruitment arose, and steps are being taken to fill the vacant appointments except the appointment of Draughtsman, the filling of which is not immediately necessary.

Mr. B. Das: May I know, Sir, if the Government have carried out the recommendations of the Indian Stores Committee regarding the filling up of these appointments in the Stores Department?

The Honourable Sir Bhupendra Nath Mitra: I should like the Honourable Member to refer me to the particular recommendation he has in mind.

Mr. B. Das: I refer to the recommendation that all the appointments should be temporarily filled and that Europeans should be appointed only temporarily until suitable Indians are found and that all permanent appointments should go only to Indians. That is one of the recommendations of the Indian Stores Committee.

The Honourable Sir Bhupendra Nath Mitra: The appointments are as a matter of fact being filled temporarily. I think I explained in this House on another occasion that, when we want to fill any of these appointments, we insert advertisements in the papers and we take the best man available.

PROPORTION OF OFFICERS TO CLERKS AND SUPERINTENDENTS IN THE CIVIL SECRETARIAT AND ATTACHED OFFICES OF THE GOVERNMENT OF INDIA.

1072. ***Mr. Kumar Sankar Ray:** (a) What is the proportion of officers to clerks and superintendents in the various Departments and attached offices of the Civil Secretariat of the Government of India?

(b) In which of the offices are the officers in excess of the usual proportion and why?

(c) Are the officers in the offices referred to in (b) required to do noting and drafting on important cases themselves?

(d) Are the assistants in such offices in receipt of the same rates of pay as those of the offices in which noting and drafting is expected from assistants?

The Honourable Sir Alexander Muddiman: (a) I will send the Honourable Member a statement giving the information required.

(b) The Honourable Member will see from the statement that there is no such thing as a usual proportion. A wide variation in the proportion is inevitable in view of the different nature of the work done in different offices.

(c) In all offices the officers note and draft, where necessary, on important cases.

(d) Does not therefore arise.

PROVISION OF MORE LETTER BOXES IN RAISINA.

1073. ***Mr. Kumar Sankar Ray:** (a) How many postal letter boxes are there in Delhi city and how many at Raisina (Imperial Delhi) and what is approximately the proportion of the area of the former to the latter?

(b) Is it a fact that although the Indian clerks' quarters side is more thickly populated than the rest of Raisina there are only 2 letter boxes for the peons' quarters on the one end to the Talkatora Park on the other end?

(c) When do the Government propose to provide more letter boxes at Raisina?

The Honourable Sir Bhupendra Nath Mitra: (a) Delhi, including the Civil Lines, has 111 letter boxes and Imperial Delhi, which, for postal purposes, includes Paharganj and Karaul Bagh as well as Raisina, has 25 letter boxes. The area of the former is roughly 4 times that of the latter.

(b) There are only two letter boxes on the road referred to by the Honourable Member but three other letter boxes are also situated in the vicinity of Indian clerks' quarters.

(c) More letter boxes will be provided at Raisina as soon as it grows in population and there is a demand for additional letter boxes.

MORNING DELIVERY OF REGISTERED LETTERS AT RAISINA AND SIMLA.

1074. ***Mr. Kumar Sankar Ray:** (a) Are the Government aware that the official community and the Members of the Legislature at Raisina and Simla cannot get their registered letters because they are delivered during office hours in their absence?

(b) Do the Government contemplate arranging for the morning delivery of registered letters, etc., specially at these stations?

The Honourable Sir Bhupendra Nath Mitra: (a) and (b). At Simla a delivery of registered letters, etc., was made last season at 9-15 A.M. to the general public and at 9 A.M. as a special case to Members of the Legislature residing in the quarters on the Cart Road and Summer Hill. Arrangements are being made to have two general deliveries of such articles in the morning, namely, at 8 and 9-30 o'clock.

At Raisina, special arrangements exist for the delivery of registered letters, etc., to Members of the Legislature at 8 A.M. It is not possible to extend these arrangements without considerable extra expense.

INCOME-TAX ASSESSMENTS IN CALCUTTA.

1075. ***Sardar Gulab Singh:** (a) Are Government aware that a large number of representations have been addressed to the Commissioner of Income-tax, Bengal, drawing his attention to cases in which people have been improperly under-assessed or over-assessed to income-tax in Calcutta, and suggesting negligence on the part of the staff employed?

(b) Is it a fact that one Madanlal Purasrampuri of 114-1, Cotton Street, Calcutta, has sent a series of detailed representations since August 1924, to the Commissioner of Income-tax, Bengal, in connexion with the assessment of a particular firm?

(c) What is the procedure generally followed in dealing with representation containing allegations against assessment officers? Is the person making them allowed to substantiate his charges if he offers to do so? Was such opportunity given to Madanlal Purasrampuri?

(d) Will Government be pleased to inquire as to what action was taken by the Commissioner of Income-tax on the representations referred to in clauses (a) and (b) above? And if no action was taken, are Government aware that failure to take action on some of these representations has resulted in serious loss of revenue to Government?

(e) Will Government be pleased to call for these representations, together with a report thereon, from the Commissioner of Income-tax, Bengal?

The Honourable Sir Basil Blckett: (a) The Government have no information. They are calling for a report on the subject.

(b) to (e). As has been stated more than once the Government are not prepared to discuss individual assessments in this House.

(c—First sentence) Income-tax officers are under the control of Commissioners of Income-tax. Against disciplinary action by the Commissioner an appeal lies to the Local Government. They are not under the direct control of the Government of India. If specific allegations of misconduct were made against an Income-tax officer the Commissioner would naturally hold a regular inquiry in regard to them unless he was satisfied that they were groundless.

INDIAN EXILES IN FOREIGN COUNTRIES.

1076. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government be pleased to state the number of Indians exiled in foreign countries for their being connected with movements to secure freedom for India?

(b) Do Government propose to withdraw the ban on their return to India?

The Honourable Sir Alexander Muddiman: (a) I would refer the Honourable Member to the answer given on the 3rd February to Mr. N. C. Kelkar's question No. 744. No other steps have been taken to prevent Indians from returning to India.

(b) The Honourable Member will see that only one British Indian subject is in question. Government do not intend at present to modify their orders in his case.

GRANT OF IMMUNITY FROM PROSECUTION ON THEIR RETURN TO INDIA
OF INDIAN EXILES IN FOREIGN COUNTRIES.

1077. ***Khan Bahadur Sarfaraz Hussain Khan:** Will the Government be pleased to state whether any steps are being proposed to be taken for granting the exiles immunity from prosecution on their return to this country?

The Honourable Sir Alexander Muddiman: The answer is in the negative.

RECENT LEGISLATION AFFECTING INDIANS IN NATAL.

1078. ***Dr. Kishenlal Nehru:** Will Government be pleased to lay on the table of the House a copy of the recent legislation affecting Indians in Natal?

Mr. J. W. Bhore: Government of India have received only one copy of the Ordinance and I am, therefore, unable to comply with the Honourable Member's request at present. More copies have been asked for and, on receipt, a copy will be placed in the Library of the House for the information of the Honourable Members. Meanwhile, if the Honourable Member so desires, I shall be pleased to show him my copy any time that he may care to call at my office.

Mr. T. C. Goswami: I would recommend that the Honourable Member should use the typewriter.

POSITION OF INDIANS IN NATAL.

1079. ***Dr. Kishenlal Nehru:** (a) Will Government be pleased to state if they have taken any steps to represent the Indian position in Natal to His Majesty's Government?

(b) Will Government be pleased to state if they have made any inquiry as to the number of Indians whose civic and trading rights will be affected in Natal by the recent Ordinance passed by the Union Parliament?

Mr. J. W. Bhore: (a) Yes.

(b) No.

REPRESENTATION MADE BY THE GOVERNMENT OF INDIA TO THE SOUTH
AFRICAN GOVERNMENT BEFORE THE NATAL ORDINANCE WAS ASSENTED
TO BY THE GOVERNOR GENERAL OF SOUTH AFRICA.

1080. ***Dr. Kishenlal Nehru:** Will Government be pleased to state whether before the Governor General of South Africa gave his assent to the Natal Ordinance the Government of India made any representation on behalf of their Indian nationals to the Governor General of South Africa or to the Union Government or to the Secretary of State for India?

Mr. J. W. Bhore: The reply is in the affirmative.

DEPUTATION TO SOUTH AFRICA OF AN OFFICER TO INQUIRE INTO THE GRIEVANCES OF INDIANS CREATED BY RECENT LEGISLATION ENACTED IN THAT COLONY.

1081. ***Dr. Kishenlal Nehru:** Will Government be pleased to state whether they propose to send any officer to South Africa to make a local inquiry into the grievances of Indians created by the recent legislation?

Mr. J. W. Bhore: The Honourable Member's attention is invited to the reply given by His Excellency the Viceroy to the deputation that waited on him on the 28th January 1925. Government are not in a position to make any further statement on the subject at present.

REPORT OF THE COLONIES COMMITTEE.

1082. ***Dr. Kishenlal Nehru:** (a) Will Government be pleased to state when they propose to publish the report of the Colonies Committee which was deputed to England last year?

(b) If there is no report of any such committee will Government be pleased to publish the memoranda of Messrs. Rangachariar and K. C. Roy?

Mr. J. W. Bhore: (a) and (b). The attention of the Honourable Member is invited to the reply given by me on the 23rd January last to Khan Bahadur Sarfaraz Hussain Khan's question No. 157.

REPORT OF THE CIVIL JUSTICE COMMITTEE.

1083. ***Dr. Kishenlal Nehru:** Will Government be pleased to state when it is proposed to publish the report of the Civil Justice Committee? What action do the Government propose to take on it?

The Honourable Sir Alexander Muddiman: The report of the Committee will be published on the 20th instant. I am unable to make any statement at present in regard to the second part of the question as I have not yet examined the report in detail.

REPORT OF THE INDIAN BAR COMMITTEE.

1084. ***Dr. Kishenlal Nehru:** Will Government be pleased to state whether they propose to take any action on the report of the Indian Bar Committee? If so, to what effect and when?

The Honourable Sir Alexander Muddiman: The Honourable Member is referred to the answer given to part (b) of Sir Hari Singh Gour's question No. 396 on the 28th January 1925. The reply of the Bombay Government has not yet been received.

GRANT OF HIGHER EMOLUMENTS TO POSTAL OFFICIALS IN DACCA AS COMPARED WITH NARAYANGANJ.

1085. ***Mr. Amar Nath Dutt:** (a) Is it a fact that the Postal officials stationed at Narayanganj receive a lower scale of pay than those who are stationed at Dacca?

(b) Will the Government be pleased to inquire and state if the house rent and general cost of living at Narayanganj are lower than at Dacca?

(c) If not, what is the reason for fixing for officials at Narayanganj a lower scale of pay than at Dacca?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, so far as the clerical and menial staff are concerned. The postmen of Dacca are on the same scale of pay as the postmen of Narayanganj but receive a house-rent allowance of Rs. 2 a month each.

(b) and (c). Government do not propose to make an inquiry. The higher emoluments sanctioned for Dacca as compared with Narayanganj do not merely represent the difference in the cost of living but are also based on the consideration that work in bigger offices is more arduous than in smaller ones.

**DISCHARGE OF PROBATIONERS FROM THE OFFICE OF THE DIRECTOR
GENERAL OF POSTS AND TELEGRAPHS.**

1086. ***Mr. Amar Nath Dutt:** (a) Will the Government please state how many probationers were discharged from the office of the Director General of Posts and Telegraphs in February 1922 as a result of giving effect to the recommendations of the Booth Committee?

(b) How many vacancies have since occurred in the Director General's Office and how many probationers discharged in February 1922 were appointed in those vacancies?

(c) If outsiders were appointed in preference to discharged probationers will the Government be pleased to state their reasons for doing so?

(d) Are the Government prepared to consider the appointment of discharged probationers in future vacancies in the Director General's Office?

(e) Will the Government please furnish the names of discharged probationers who were appointed in the Calcutta Post Office and the time that intervened between their discharge from the Director-General's Office and appointment in Calcutta Post Office.

(f) Have they been allowed the benefit of their temporary service in the Director General's Office in fixing their initial pay in the time scale of pay in the Calcutta Post Office? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: (a) 41.

(b) and (c). 17 vacancies occurred, of which 12 were filled by probationers discharged in 1922 and 5 by other candidates, including 2 Muhammadan graduates, appointed on special grounds.

(d) Yes, as far as possible.

(e) A statement is laid on the table.

(f) No, because the concession of counting temporary service, followed without intermission permanent service, is admissible only to those officials who had a permanent status on the 23rd September 1920, the date of the Government of India Resolution sanctioning the introduction of time-scales of pay for the clerical staff in post offices.

Statement of probationers discharged from the office of the Director-General of Posts and Telegraphs who were subsequently provided for in the Calcutta General Post Office.

Names.	Date of discharge from the Director-General's Office.	Date of appointment in the Calcutta General Post Office.
1. Lalit Mohan Roy	1-3-1922	10-3-1922
2. Alokendra Chandra Maulik	10-1-1922	12-1-1922
3. Menmohan Bose	10-1-1922	1-3-1922
4. Sk. Habibur Rahman	1-3-1922	9-3-1922
5. Hem Chandra Chaudhury	1-3-1922	8-8-1922
6. Sudhanahn Sekhar Mukherji	1-3-1922	8-8-1922
7. Kshitish Chandra Ghosh	1-3-1922	1-4-1922

CHARACTER SHEETS OF POSTAL OFFICIALS.

1087. ***Mr. Amar Nath Dutt:** (a) Is it a fact that a character sheet is maintained in the Postal Department for every official above the rank of postmen as a confidential document?

(b) If so, is it a fact that only the substance of adverse remarks relating to work and not about conduct is furnished to the official concerned?

(c) Will the Government please state if appeals or representations are permitted against adverse remarks in character sheets? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, in respect of officials drawing up to Rs. 170 a month.

(b) Yes.

(c) Any official can make any representation which he thinks proper in regard to any adverse remarks communicated to him.

Diwan Bahadur T. Rangachariar: Does it mean in respect of officials drawing up to Rs. 170 or down to Rs. 170?

The Honourable Sir Bhupendra Nath Mitra: In respect of officials drawing up to Rs. 170.

Diwan Bahadur T. Rangachariar: Does it mean that in respect of officials drawing over Rs. 170, no confidential reports are kept?

The Honourable Sir Bhupendra Nath Mitra: No. The question refers to a particular form of document. It is a character sheet. In the other case, the documents have a different form.

CASE OF PINDI DASS, A CLERK IN THE RAWALPINDI POST OFFICE.

1088. ***Mr. Amar Nath Dutt:** (a) Is it a fact that one Pindi Dass, clerk, Rawalpindi Post Office, reported himself ill on the 22nd June, 1923, and he was sent to the Staff Surgeon, Rawalpindi Cantonment for medical examination with a closed and sealed letter through a special messenger?

(b) Is it a fact that Pindi Dass complained of pain in the stomach and on the following day got high fever and a registered medical practitioner who treated him granted a medical certificate of illness describing the disease and recommending him for three days' leave?

(c) Is it also a fact that the Postmaster, Rawalpindi, rejected this certificate without informing the clerk and without either sending the same for countersignature by the Civil Surgeon or for examination of Pindi Dass by the Civil Surgeon?

(d) Is it also a fact that Pindi Dass was allowed to rejoin his post after the period of leave recommended by Dr. Prithmi Chand had expired but later on charged and dismissed on the plea of a false certificate and malingering?

(e) Is it also a fact that Mr. Pindi Dass's record was all along good and he had not availed himself of a single day's leave on any pretext whatsoever before this in his whole service of four years?

(f) Is it also a fact that the Director General of the Posts and Telegraphs set aside the orders of dismissal but allowed his services to be dispensed with? Do the Government propose to reinstate Pindi Dass under the circumstances?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. The Staff Surgeon reported that he was unable to find any injury or disease.

(b) Pindi Das submitted a medical certificate dated the 28rd June 1923 granted by a registered medical practitioner recommending 2 or 3 days' leave on account of "contusion of chest and fever" and this certificate was received by the Postmaster on the 25th June 1923.

(c) The Postmaster rejected the certificate of the private practitioner in view of the certificate granted by the Staff Surgeon and Pindi Das was informed accordingly.

(d) Pindi Das was allowed to resume duty on the same day and was also given a charge sheet on that day. After his defence was considered he was dismissed for disobedience of orders and deliberate absence from duty.

(e) It is not a fact that Pindi Das's record of service was uniformly good or that he never took a single day's leave in his whole service.

(f) The reply to the first part is in the affirmative and to the second in the negative.

1089. (This question was withdrawn.)

FAILURE OF THE ALLIANCE BANK OF SIMLA.

1090. ***Mr. Gaya Prasad Singh:** (a) With reference to my unstarred question No. 2 of the 22nd January 1925, regarding the failure of the Alliance Bank of Simla, and the reply that "the Government have taken, are taking, and will take all such steps in the matter as their legal advisers think possible and desirable", will the Government be pleased to state what steps they have taken, and are taking in the matter?

(b) Have their legal advisers given no opinion to prosecute those who have been responsible for bringing about the failure of the Alliance Bank?

(c) Will the Government be pleased to lay on the table the opinions of their legal advisers on the subject?

The Honourable Sir Basil Blackett: (a) and (b). I regret I am not in a position to make any announcement at present. As the Honourable Member is no doubt aware misfeasance summonses which were brought by the liquidators against certain of the Directors and Auditors of the Bank in India have recently been dismissed in the Calcutta High Court. In regard to action in England the Government are awaiting the examination in bankruptcy of Messrs. Boulton Bros. and Co., before they can decide what further action can be taken.

(c) I regret I cannot lay the papers at this stage.

Mr. B. Das: May I know, Sir, what was the opinion of the legal advisers to the Secretary of State in regard to the prosecution of the Directors?

The Honourable Sir Basil Blackett: We are acting in all we do in this matter on the advice of our legal advisers.

PENSIONS OF THE FAMILY OF THE LATE EX-KING BAHADUR SHAH.

1091. ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to state how many members of the family of the late ex-King Bahadur Shah are still living in Delhi?

(b) Do any of them get any stipends from the Government, if so, what is the number of such stipend holders and the amount granted to each of them?

Mr. Denys Bray: (a) 61.

(b) Nine, namely, two hereditary pensions, one of Rs. 819 per mensem and the other of Rs. 161-11-0 per mensem and seven life pensions of Rs. 10 per mensem.

SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS.

1092. ***Maulvi Muhammad Yakub:** In reply to a question of mine last year, the Government replied that the opinions of certain Local Governments were awaited in order to come to a decision about the separation of the Judicial from the Executive. Will the Government be pleased to state if the opinions of all the Provincial Governments have been received and if so, when do the Government propose to announce their decision on the subject?

The Honourable Sir Alexander Muddiman: The Honourable Member is referred to the answers given to Khan Bahadur Sarfaraz Hussain Khan's question No. 144 on the 23rd January 1925, and question No. 888 on the 28th January 1925.

CONSTRUCTION OF A PLATFORM ON THE KATHGAR RAILWAY STATION.

1093. ***Maulvi Muhammad Yakub:** In reply to a question of mine last year the Government replied that the question of constructing a platform on the railway station of Kathgar in Moradabad was under consideration. Will the Government be pleased to state if the consideration is over by this time and to what conclusion the Government have come in connection with the aforesaid proposal?

The Honourable Sir Charles Innes: The Government have come to no conclusion on the subject. It is only the Agent who can decide whether the traffic at any particular station justifies the provision at that station of the convenience referred to. If the Honourable Member wishes to pursue the matter further I suggest that he should enlist the aid of the Local Advisory Committee of the Railway Administration."

RESERVATION OF BERTHS FOR PASSENGERS TRAVELLING FROM DELHI TO HOWRAH.

1094. ***Maulvi Muhammad Yakub:** (a) Are the Government aware of the hardship and inconvenience to which the people travelling from Delhi to Howrah side are subjected by an order of the Movement Superintendent of the East Indian Railway, to the effect that berths should not be reserved for the public, except high Government officers, without producing their tickets and that tickets should not be issued except on the day of the journey?

(b) Did the Station Superintendent of Delhi point out the inconvenience caused to the public by the enforcement of the above order? Did the Movement Superintendent give a reply to the representation of the Superintendent of the Delhi railway station; if so what was the reply given?

(c) Was the above order of the Movement Superintendent issued on the representation of the Superintendent, railway station, Delhi, or as a result of any complaints made to him?

(d) Do Government propose to take any steps in the matter?

The Honourable Sir Charles Innes: Government have no information on the subject but they will bring the matter to the notice of the Agent by furnishing him with a copy of this question and answer.

PROVISION OF MORE WATERWAYS ON THE RAILWAY LINES IN THE MORADABAD DISTRICT.

1095. ***Maulvi Muhammad Yakub:** In reply to my question No. 315 asked on January 27th 1925, the Government replied that the whole question about constructing more waterways on the railway lines in the Moradabad District was under inquiry. Will the Government be pleased to state by whom the inquiry was made? What was the nature and result of the inquiry and what steps, if any, are being taken by the Government to prevent the recurrence of the breaches?

The Honourable Sir Charles Innes: The inquiry is being made by the Railway Administrations concerned at the instance of Government. It is a technical inquiry to ascertain whether and to what extent additional waterways should be put in to meet flood conditions, but a final decision has not yet been arrived at with regard to the Rohilkund and Kumaon Railway line in that area. As far as that line is concerned, the question of waterways was considered by a committee appointed by the Local Government in 1914 and the committee was of the opinion that no more waterway was necessary. Having regard to recent events, that opinion is now being re-examined by the Agents of the Oudh and Rohilkhand and Rohilkund and Kumaon Railways.

In the case of the Gajrula Garmuktesar section, however, it has been decided to put in 120 feet of additional waterway and that is being provided.

APPOINTMENT OF MUHAMMADANS AS ASSISTANT TRAFFIC SUPERINTENDENTS ON THE NORTH WESTERN RAILWAY.

1096. ***Maulvi Muhammad Yakub:** Will the Government be pleased to state:

- (a) The number of Musalmans out of the 25 candidates, who were interviewed by the Railway Board for the posts of the Assistant Traffic Superintendents for the North-Western Railway?
- (b) The number of the Musalman candidates selected by the Board?
- (c) Were any Musalmans amongst the rejected candidates who had received their training for the post in England and what were the reasons for rejecting such candidates?

The Honourable Sir Charles Innes: (a) Eight.

(b) Two but one failed in the medical examination.

(c) Of the candidates interviewed two Musalmans had received some railway training in England. One was not among the number of those selected as most suitable by the Railway Board and the other who was selected by the Railway Board at the interview was disqualified by the Punjab Medical Board.

REMISSION OF PROVINCIAL CONTRIBUTIONS.

Mr. M. A. Jinnah: Sir, may I be permitted to put a question of which I gave private notice to the Honourable the Finance Member?

Will the Government be pleased to lay on the table a statement showing the remission of contribution to which each province will be entitled out of the total of $2\frac{1}{2}$ crores remitted in 1925-26, and a further total of $1\frac{1}{2}$ crores in each succeeding year?

The Honourable Sir Basil Blackett: I will lay the statement* on the table. But perhaps it will be to the convenience of the House if I give a few figures. As the House knows, a reduction of $2\frac{1}{2}$ crores has the effect under the Devolution Rules of reducing the Madras contribution by 126 lakhs, the United Provinces contribution by 56 lakhs, the Punjab contribution by 61 lakhs, and the Burma contribution by 7 lakhs. A further reduction of $1\frac{1}{2}$ crores making 4 crores in all would reduce the contribution of the same provinces, but none of the others. The Madras contribution by a further 67 lakhs, the United Provinces contribution by a further 41 lakhs, the Punjab contribution by a further 33 lakhs, and the Burma contribution by a further 9 lakhs. A further $1\frac{1}{2}$ crores making the total $5\frac{1}{2}$ reduces the Madras contribution by a further 59 lakhs, the United Provinces contribution by a further 45 lakhs, the Punjab contribution by a further 30 lakhs, the Burma contribution by a further 14 lakhs, and the Assam contribution by 2 lakhs. The next $1\frac{1}{2}$ crores making the total reduction of 7 crores reduces the Madras contribution by a further 43 lakhs, Bombay contribution by a further 15 lakhs, the Bengal contribution by a further 3 lakhs, the United Provinces contribution by a further 41 lakhs, the Punjab contribution by a further 23 lakhs, the Burma contribution by a further 14 lakhs, the Central Provinces contribution by 6 lakhs and the Assam contribution by 5 lakhs. The next one and a half reduces Madras by 28, Bombay by 22, Bengal by 32, the United Provinces by 30, Punjab by 15, Burma by 10, the Central Provinces by 9, and Assam by 4, leaving a balance which will be finally wiped out by the next reduction, in the case of Madras of 25 lakhs, Bombay 19 lakhs, Bengal 28 lakhs, the United Provinces 27 lakhs, Punjab 13 lakhs, Burma 10 lakhs, the Central Provinces 7 lakhs, Assam 4 lakhs.

Mr. M. A. Jinnah: May I ask, Sir, do the Government realise that the Meston Award has done great injustice to Bombay in the distribution of reduction, and, if so, besides other grounds, do the Government think that it is high time that the Meston Award was revised?

The Honourable Sir Basil Blackett: Sir, I am aware that there are many opinions about the Meston Award, and not many favourable, but beyond that I do not think I can answer the question.

Mr. V. J. Patel: Will the Honourable Member say whether the Bombay Government have pressed this view on the Government of India, for the reopening of the Meston Award and its re-examination?

The Honourable Sir Basil Blackett: I believe the Bombay Government have done so on one or two occasions.

Mr. A. Rangaswami Iyengar: Sir, are there other Governments who have done so?

*Printed as Appendix 'A' to these proceedings.

The Honourable Sir Basil Blackett: I should like to be told of any Government except Bihar and Orissa which has not done so.

Mr. H. G. Cocke: Sir, is it not a fact that the Award is under revision at the present moment by the Taxation Inquiry Committee?

The Honourable Sir Basil Blackett: The question of central, provincial and local taxation which is before the Taxation Committee undoubtedly has considerable relevance to this question. Whether it can be said actually to be under review by the Taxation Committee is more difficult to answer. It was not definitely referred to them to make a recommendation as regards any change in the Meston Award.

Mr. M. A. Jinnah: Sir, will the Government, in view of this widespread dissatisfaction, undertake the revision of the Meston Award?

The Honourable Sir Basil Blackett: I don't think this question really arises but I am pretty sure that the widespread dissatisfaction over the Government's revision would be equally great.

Mr. V. J. Patel: Is the Honourable Member aware that the Bombay Legislative Council only yesterday passed a motion of adjournment as a protest against the inequity of the Meston Settlement?

The Honourable Sir Basil Blackett: I have also read the Indian News Agency telegram.

Mr. Devaki Prasad Sinha: Sir, may I ask the Honourable Member if he realises that, in the scheme for the revision of the provincial contributions, the tax-payers of Bihar and Orissa, who contribute to the surplus out of which the contributions are ordered, are very unjustly treated?

The Honourable Sir Basil Blackett: I am glad to know there is no exception to the rule.

UNSTARRED QUESTIONS AND ANSWERS.

ACTION TAKEN ON THE RESOLUTION RE GRIEVANCES OF THE SIKH COMMUNITY.

211. **Pandit Madan Mohan Malaviya:** Will the Government be pleased to state:

- (a) What action has been taken on the Resolution of this House of February 26th, 1924, urging the appointment of a committee to inquire into the grievances of the Sikh community and to make recommendations for a satisfactory solution of them?
- (b) If no action has been taken by the Government, do they intend to take any action now? If not, why not?

The Honourable Sir Alexander Muddiman: I invite the Honourable Member's attention to the reply I gave on the 3rd September last to Sardar Gulab Singh's question on the same subject. I have nothing further to add.

ACTION TAKEN ON THE RESOLUTION RE THE RELEASE OF SARDAR KHARAK SINGH.

212. **Pandit Madan Mohan Malaviya:** Will the Government be pleased to state :

- (a) What action has been taken on the Resolution of this House recommending the release of Sardar Kharak Singh?
- (b) If no action has been taken, do the Government intend to carry out the recommendation of this House now? If not, why not?

The Honourable Sir Alexander Muddiman: I invite the attention of the Honourable Member to the reply given by me to a similar question by Sardar Gulab Singh, in September last. I have nothing further to add.

STOPPAGE OF RECRUITMENT FOR THE ARMY OF SIKHS PARTICIPATING IN THE AKALI MOVEMENT.

213. **Pandit Madan Mohan Malaviya:** Will the Government be pleased to state if it is a fact that the military authorities issued any instructions to the various commands in July 1924, forbidding recruitment to the Army from those Sikh villages which have taken part in the Gurdwara reform movement?

Mr. E. Burdon: Under orders issued in July 1924, the recruitment of Sikhs for the Army has been closed in villages that have taken an active part in the Akali movement, and no Sikh is now admitted to the Army who has either himself, or through his family, been in any way connected with the Akali organization. As the Honourable Member is aware, this organization is composed of bodies that have been declared by Government to be unlawful associations.

CONFISCATION OF THE PENSIONS OF SIKH MILITARY PENSIONERS PARTICIPATING IN THE AKALI MOVEMENT.

214. **Pandit Madan Mohan Malaviya:** Will the Government be pleased to state if it is a fact that the pensions of several Sikh retired military pensioners, officers and men have been ordered to be forfeited by the Government simply because they have taken part in the movement of Gurdwara reform, though they have never joined or taken part in any political movement?

Mr. E. Burdon: No, Sir. The pensions of several Sikh military pensioners have been confiscated as the result of the pensioners taking part in the Akali movement, the organizing bodies of which had been proclaimed by Government as unlawful associations; but no pension has been or will be forfeited in consequence of the holder participating in a purely religious movement.

CONFISCATION OF THE PENSION OF RISALDAR RANJODH SINGH.

215. **Pandit Madan Mohan Malaviya:** Will the Government be pleased to state :

- (a) If it is a fact that the Government has confiscated the pension of Risaldar Ranjodh Singh *alias* Dalip Singh, I.D.M., 85th Scinde Horse, who belongs to a respectable family of Sardars

of Ranghar Nangal (District Gurdaspur) mentioned in the "Punjab Chiefs", who rendered meritorious service in the Great War in France and Mesopotamia, was wounded three times on the battle-field in France and as a result lost one eye, was selected for the King's commission, but was forced to retire on account of indifferent health?

- (b) If it is a fact that not only has his pension been stopped but all his arrears of pension of more than 2 years have also been confiscated?
- (c) If it is a fact that the said Risaldar has been so treated by the authorities simply on account of his conviction in the Nabha State in connection with the Jaito Akhand Path affair?

Mr. E. Burdon: (a) The facts are as stated by the Honourable Member, except that Risaldar Ranjodh Singh was not actually selected for a King's Commission, but was sent to the Indore College for training and left on the ground of ill-health.

(b) Further payment of his pension was stopped, on his conviction under sections 131 and 224 of the Indian Penal Code and sentence to a total of 9 years' rigorous imprisonment and a fine of Rs. 500. It was reported that for 2 years previous to this conviction Risaldar Ranjodh Singh had not applied for his pension, as his pension papers were lost.

(c) The pension was confiscated in accordance with regulations, as a consequence of Risaldar Ranjodh Singh's conviction in a criminal court.

ADVERTISEMENTS OF THE EASTERN BENGAL AND EAST INDIAN RAILWAYS.

*216. **Baboo Runglal Jajodia:** Will the Government be pleased to let this House know what are the rules and regulations under which railway advertisements with particular reference to the Eastern Bengal Railway and the East Indian Railway are published in the English and vernacular journals?

ADVERTISEMENTS OF THE EASTERN BENGAL AND EAST INDIAN RAILWAYS.

217. **Baboo Runglal Jajodia:** (a) Will the Government be pleased to inform this House whether it is a fact that in this year's list of papers entitled to receive advertisements for the Eastern Bengal Railway and the East Indian Railway, Hindi and Bengali papers have altogether been excluded? If so, what are the reasons?

(b) Will they please state if any railway advertisements are published in any other vernacular, if not, why?

(c) If the answer to (a) be in the negative, do the Government propose to see, in view of the fact that in Bengal and other places the traders and interested public are vernacular knowing, to the desirability of including vernacular papers in the list?

The Honourable Sir Charles Innes: I will answer this question and the preceding one together.

The Agents of the State Railways have received full authority to advertise in English and Vernacular papers which they consider are the best value as advertising media.

*For answer to this question see below question No. 217.

ADVERTISEMENTS OF THE EASTERN BENGAL AND EAST INDIAN RAILWAYS.

218. **Baboo Runglal Jajodia:** Will the Government be pleased to inform this House as to the total amount of money spent by the Eastern Bengal Railway and the East Indian Railway on the publication of advertisements in the journals during the last 5 years, showing therein the amount and proportion of cost of advertisements published in English and other vernacular journals in Hindi and Bengali—stating further in the case of papers published in English the ratio of the amount between Anglo-Indian and Indian-owned journals.

The Honourable Sir Charles Innes: Government have no information.

SEIZURES OF OPIUM, COCAINE AND OTHER NARCOTICS.

219. **Baboo Runglal Jajodia:** (a) Will the Government be pleased to show an average of cocaine, opium and other narcotics seized during the last three years?

(b) What is the amount of seizure during the current year and what is the percentage of increase over normal figures?

(c) What is the amount of rewards offered for seizures effected during the last three years. What is the figure for the current year and what is the percentage of increase over normal figures?

(d) What is the proportion of rewards offered in connection with seizures to the article seized and to the face value of the article seized?

(e) What is the amount of fines derived from seizures during the last three years and what is the figure for the current year and the proportion of increase over normal figures?

(f) What are the rules for the regulation of rewards to particular officers? Did the rewards during the last three years in any case exceed the grade pay of the officer rewarded? If so, in how many cases and to what proportion?

The Honourable Sir Basil Blackett: Seizures of drugs are made both by excise and by custom officers. As regards seizures by excise officers and rewards given to them such information as is easily accessible to the Government of India is being compiled and will be communicated to the Honourable Member. The Government do not propose to call for special reports from the Local Governments for this purpose. Information regarding the seizures made by custom officers and the rewards given to them is being collected and I will communicate it to the Honourable Member. Fines in connection with seizures are usually imposed by magistrates and the Government do not consider that any useful purpose will be served by ascertaining what proportion of the fines collected by magistrates relate to offences in connection with the illicit possession, etc., of drugs.

RECOMMENDATIONS OF THE RETRENCHMENT COMMITTEE REGARDING MILITARY EXPENDITURE.

220. **Baboo Runglal Jajodia:** Will the Government be pleased to state their findings on the following recommendations of the Retrenchment Committee in the Army Department:

(a) Steps for the organisation of an effective reserve and reduction of the peace strength of the Indian battalion to 20 per cent. below the war level;

(b) introduction of a system of rationing petrol and restricted establishment of motor vehicles and reserves;

- (c) maintenance of commercial accounts for all manufacturing establishments and for the remount department;
- (d) reduction in and fixity of a basis in capitation rate for British troops;
- (e) curtailment in stock of stores and disposal of surplus ordnance;
- (f) other reductions in strength of troops and clothing?

Mr. E. Burdon: I invite the attention of the Honourable Member to the exhaustive statement which was laid on the table on the 1st February 1924 in reply to a question asked by Diwan Bahadur M. Ramachandra Rao. This statement contains all the reductions carried out on the recommendations of the Retrenchment Committee, except that of the third regiment of British cavalry, to which I referred in answer to a question by Mr. Goswami on the 24th of last month.

REORGANISATION OF THE ROYAL INDIAN MARINE.

221. Baboo Runglal Jajodia: Will the Government be pleased to state at what stage of reorganisation since the Retrenchment Committee recommendations were issued does the Royal Indian Marine stand?

Mr. E. Burdon: The various recommendations of the Retrenchment Committee in connexion with the Royal Indian Marine have been carried out with the following exceptions, which are still under consideration:

- (i) Royal Indian Marine ship "Clive" to combine duties of station ship at Port Blair and Rangoon.
- (ii) Discontinuance of the maintenance of the R. I. M. ship "Dalhousie" as a receiving ship.
- (iii) Reduction of one patrol craft boat and four trawlers.
- (iv) Cost of working the Perim lighthouse to be covered by the levy of light dues.
- (v) Abolition of the appointment of Deputy Director, Royal Indian Marine.

REPRESENTATION FROM THE INDIAN PRODUCE ASSOCIATION.

***222. Baboo Runglal Jajodia:** (a) Has the attention of the Government been drawn to a representation from the Indian Produce Association to the Secretary, Railway Board, Simla, on the 10th July, 1924?

(b) Will the Government be pleased to let this House know what has been their findings on the following items represented in the said memorandum:

- (i) Re-weighment of goods at Howrah;
- (ii) Recognition of the Exchange Mart at Howrah and the provision of better and roomy accommodation of the Exchange on the railway premises;
- (iii) Renting of the Howrah river-side sheds or a portion of them?

REWEIGHMENT OF GOODS BEFORE DELIVERY BY THE EAST INDIAN RAILWAY AT HOWRAH.

***223. Baboo Runglal Jajodia:** (a) Will the Government be pleased to let this House know whether it is a fact that the practice of reweighing goods and grains before delivery at Howrah has been discontinued and if so, from which date?

*For answer to this question see below question No. 224.

(b) Will they please state when was the system of reweighment of goods before delivery first introduced on the East Indian Railway and particularly at Howrah? What were the circumstances that led to the introduction of the system?

(c) When was the system thought unremunerative and discontinuance contemplated and for what reasons?

GRANT BY RAILWAYS OF FACILITIES TO GRAIN DEALERS FOR REWEIGHMENT OF THEIR GOODS.

224. **Baboo Runglal Jajodia:** Will the Government be pleased to say whether other railways besides the East Indian Railway grant facilities for reweighment to grain dealers?

The Honourable Sir Charles Innes: Government received a copy of the letter referred to, a copy of which was also addressed to the Agent, East Indian Railway. Government understand that the whole matter is under the consideration of the Agent and his Local Advisory Committee, and in the circumstances do not propose to make any inquiry.

RECOMMENDATIONS OF THE RAILWAY COMMITTEE OF 1920.

225. **Baboo Runglal Jajodia:** (a) Will the Government be pleased to inform this House what have been their findings on the following, among others of the recommendations of the Railway Committee appointed in 1920:

- (i) the creation of a Railway Commission;
- (ii) the holding of Engineering inspection;
- (iii) greater provision of traffic inspection;
- (iv) radical reform in accounts and statistics;
- (v) the liquidation of railway debts;
- (vi) expeditious grant of facilities for training to Indians for superior posts;
- (vii) an inquiry into the alleged unfair railway competition with inland waterways?

(b) Will the Government be pleased to state if these recommendations were made 5 years back in view of the utter inadequacy of the existing railway system to meet the country's demand?

The Honourable Sir Charles Innes: (a) (i), (iv) and (vi). The Honourable Member's attention is invited to the Report by the Railway Board on Indian Railways for the year 1923-24 and to the Appropriation Report by the Accountant General, Railways, on the accounts of Railways for the year 1922-23.

(a) (ii) and (iii). These are under consideration.

(a) (v). The question is not understood. The Railway Committee made no recommendation in regard to the liquidation of railway debts.

(a) (vii). The examples given of the alleged unfair competition related both to the Madras Presidency and, as the result of inquiry by a special officer, the Government of India do not think that the complaint is now well founded.

(b) The Railway Committee's recommendations were made in 1921. The terms of reference to the Committee are given at the beginning of the Report.

NUMBER OF RESOLUTIONS MOVED IN THE ASSEMBLY SINCE 1921 AND ACTION TAKEN BY GOVERNMENT ON RESOLUTIONS ADOPTED BY THE HOUSE.

226. **Baboo Runglal Jajodia:** (a) Will the Government be pleased to let this House know:

(I) how many Resolutions were put before this House by the official and non-official Members;

(II) how many were accepted by this House (i) with the concurrence of the Government and (ii) against Government opposition;

since the inauguration of the Reforms stating the subject of the Resolutions and amendments if any, put in by official and non-official Members carried and defeated?

(b) Will they state what action has been taken or is being taken by Government on each of the Resolutions which were carried?

Mr. L. Graham: Part (a) of the question—

A statement showing the number of official and non-official Resolutions moved in the Legislative Assembly since its inauguration in 1921 is laid on the table. Of these, 120 were adopted by the Assembly.

The Debates of the Legislative Assembly supply the remaining information asked for in this part of the question.

Part (b) of the question—

As to the action taken by the Government on Resolutions adopted by the House the Honourable Member is referred to the replies given by Sir Henry Moncrieff Smith to Mr. K. V. Reddi's question on the 24th March 1924 and to Mr. Sadiq Hasan's question on the 27th May 1924 (pages 2111-2112 and pages 2260-2262 of Vol. IV of the Legislative Assembly Debates) and to the statement which was laid on the table on the 23rd February, 1925, in reply to Mr. R. K. Shanmukham Chetty's question on a similar subject.

Statement showing the number of official and non-official Resolutions moved in the Legislative Assembly since its inauguration in 1921.

Session.	TOTAL NUMBER OF RESOLUTIONS MOVED.	
	Official.	Non-official.
Delhi Session, 1921	8	25
Simla Session, 1921	8	20
Delhi Session, 1922	3	35
Simla Session, 1922	6	9
Delhi Session, 1923	5	18
Simla (July) Session, 1923	Nil.	11
Delhi Session, 1924	2	18
May-June Session, 1924	Nil.	1
Simla Session, 1924	2	3
Delhi Session, 1925 (up to 28th February)	1	11

GENERAL DISCUSSION ON THE GENERAL BUDGET.

FIRST STAGE.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): May I, Sir, ask for the indulgence of the House for one minute whilst I make an inquiry from you? As the House knows, the Honourable the Finance Member has devoted not less than ten paragraphs in his budget speech to the question of exchange where he has brought in my name and where, unless I gave such reply as I have, I may be misunderstood. I expect, Sir, that the occasion to give a reply would arise either on the general debate or on the Demands for Grants. I am very reluctant to take advantage by speech on the Demands for Grants for this purpose as it would only mean that more Demands would be cut out and would come under the guillotine if this very general question were discussed by me or by others at that time. I wonder if you, Sir, propose to restrict speeches to-day and to-morrow to the usual 20 minutes and, if that be, Sir, your decision, may I ask if you would allow me to discuss the question of exchange on the Finance Bill?

Mr. President: I propose to lay down a time limit of 20 minutes for every speech to-day and to-morrow, with the single exception of the general reply of the Finance Member at the end, and to adhere to it rigidly. (Hear, hear.) I gather from the general approval of the House that no one thinks he will suffer injustice thereby. But those who have larger and more intricate subjects to develop will have their opportunity first of all on the relative Demand for Grant, if it does not fall under the guillotine; and if they fail of that opportunity they will, as Sir Purshotamdas Thakurdas has suggested, get their opportunity when the motion that the Finance Bill be taken into consideration is under discussion. Therefore, I think those who wish to spend a longer time over larger subjects will have two opportunities, one of which is perhaps problematical and the other of which is certain.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I shall make no secret of the fact that about this time last year I entertained a hope that, whatever might have been the attitude of this House towards the Budget then, the Government would enable us to support their Budget in the main this year by changing their policy during the course of the year. But, Sir, I am not only disappointed but feel that if there was reason for refusing supplies last year, there are more reasons for refusing supplies in the present year.

(At this stage the President vacated the Chair, which was taken by Mr. Deputy President.)

I regret that neither the lucidity of the Budget nor its admirable handling of figures, disclosing a surplus of more than 8 crores, allows me to pay the customary compliment to the Honourable the Finance Member, and congratulate him. My regret is all the more keen when I remember that Sir Basil Blackett came to India, the land of his birth, with a genuine desire to serve India, like his ancestors, as foreshadowed in his first budget speech. Son of a great father, whose name is still cherished, with reverence in many a Bengali home, for his piety and philanthropic activities, Sir Basil's misfortune has been to be clogged to a system of administration which has been characterised as Satanic by the greatest man of the world. I fully believe that, had Sir Basil been free to act, he would have responded to the wishes of the people, which he and his ancestors loved so well.

[Mr. Amar Nath Dutt.]

Sir, I admit there is a ring of sincerity throughout his whole speech, and a genuine desire to lighten the burdens of taxation, so far as it lies in his power, and the concluding words of his admirable speech "we will work in hope" is still ringing in our ears. But, Sir, "hope deferred maketh the heart sick", and, when we find that there is no hope of any reduction of taxation even this year, may I not put it to him—how long are we to groan under the wheels of this bureaucratic tyranny and oppression? We are told that the separation of railway finance from general finance will bring about a more efficient and cheaper transportation with all that is therein involved for the economic development of the country. But does the Railway Budget disclose any hope of cheaper transportation by reduction of fares? Has it made any provision against the overcrowding of third class passengers, where people are huddled together like beasts and are subjected to various indignities? Further, has it given effect to the proposal for the Indianisation of the Railway Services?

Then let us turn to the Indian Postal and Telegraph Department, which is said to exist for the purpose of providing easy and rapid means of inter-communication and is worked on commercial basis. Does the Budget disclose any indication of the prospect of cheapening postal rates in the near future?

Sir, as regards the military expenditure, there has been a reduction of a little more than three crores, but the very modest goal of reduction to 50 crores suggested by the Retrenchment Committee has not been attained, although the expenditure in connection with special operations in Waziristan and the North West Frontier are non-existent.

Then again, there is no indication of stabilising the exchange, which is essential for our trade, except the soothing statement that the Government of India have no other interests in their mind than the interests of India in their exchange and currency policy. A pious wish, very piously expressed.

Sir, these are some of the special features of the Budget under consideration, and the outstanding fact is that taxes remain the same, not excepting the salt tax, which has been characterised by a former Secretary of State for India as a peculiarly iniquitous and horrible form of taxation, and the Indian tax-payer stands to-day where he was. Sir, in a general discussion of the Budget I shall not waste your time by dealing with figures, but beg to point out the glaring injustice of spending more than half the revenues of the country under the head of military expenditure, where more than 75 per cent. of the people do not know what it is to have a full meal a day. The unquestioned poverty to which this country has been reduced by foreign exploitation—more dangerous than foreign invasion—has never been the subject of anxious consideration of our rulers. You want to guard the people against foreign invasions with an army nearly one-third of which is composed of highly paid foreigners, by taking away from the people their barest necessities of life and driving them to starvation. The half-fed and ill-clad tiller of the soil is a standing commentary of your military policy, and the plea of protecting his hearth and home is only an euphemistic expression for his exploitation. A moment's consideration of the narrative of foreign invasions of India will convince a casual observer that it is more profitable from the point of view of the people of India to have a Tamerlane or a Nadir Shah at intervals than to have a Commander-in-Chief with a highly paid British army in India.

If the maxim laid down by the Brussels Conference that the military expenditure of a country should on no account exceed a fifth of its revenues under normal conditions is to be accepted,—and there is no reason why it should not be accepted, for the proposition was arrived at with the unanimous concurrence of the Government of India and their representatives—then the only reasonable course for the Government of India is to replace the British element in the army by the Indian element and to abandon their present frontier policy.

Sir, this land, favoured of the gods, protected by natural barriers of seas and mountains, needs but little protection from human agency, and if you only check your forward policy and imperialistic tendencies, you will not need the huge army to defend her. One excuse, put forward by our self-appointed trustees, for their stay in this land of regrets, is our incapacity to defend our country. Sir, I unhesitatingly assert, 'Pray, don't add insult to injury'. You are here, not for our good but for your own sake, and the Budget under discussion proves it beyond the shadow of a doubt. You enjoy all the loaves and fishes, and the children of the soil are but mere hewers of wood and drawers of water. The cost of a British soldier is five times as much as that of an Indian; still you do not replace the British soldier by the Indian soldier. You know Indian soldiers are more hardy and efficient than the British soldiers and if you really had the good of Indians at heart you would have drawn your army from the children of the soil, which would not only give employment to many unemployed Indians but whose patriotic sense will be more efficacious in defending their motherland than the hordes of foreign mercenary soldiers. You place the military Budget in our hands, but dare not make it votable. The reason is not far to seek. You know perfectly well that India does not require the huge army for her own defence, much less the British element, which sits like a vampire sucking the lifeblood of the poor Indian tax-payer.

Sir, previous experience shows that it is useless for us to discuss the Budget for our voice is one of crying in the wilderness. However cogent may be our reasons you do not fail to make use of the powers of certification in restoring a grant which we may refuse, or imposing a tax however much we may protest against its imposition.

Sir, last year our leaders attempted to bring our grievances to the notice of the Government by the constitutional method of refusal of supplies. That was a struggle between the prerogatives of the bureaucracy and the prerogatives of the representatives of the people. At the present moment the exercise of these prerogatives by the Government has assumed proportions which needs a check, and I voice the sentiments of the people from the Himalayas to Cape Comorin when I say that before giving our assent to any Demands for Grants, our grievances against the Government must be redressed. These grievances are not a few in number. I shall refer only to a few of them to make my position clear.

We wanted a round table conference and you issued a commission of inquiry into the working of the Reforms and even in its composition you were careful to include men, the majority of whom were never sympathetic towards Indian aspirations. Their report, though long overdue, has not yet been published. The Bengal Legislative Council, as a protest against dyarchy and the undesirable personnel of the Ministry, refused Ministers' salaries and you visited them with an Ordinance which has introduced a reign of terror in that unhappy province. If you had

[Mr. Amar Nath Dutt.]

really cared for the people you could not have treated us and our wishes in the way in which you have done. We have been insistently demanding a reduction of the cost of administration—which is perhaps the costliest in the world—and yet you have increased the same by giving effect to the recommendations of the Lee Commission in spite of our protests in this House, as also from the press and platform. That the voice of those who are to profit by the Lee plunder—as it has been called—has prevailed against the voice of those who protested against this extravagance, clearly indicates our position under the Reforms. In a free country the withholding of a Demand for Grants cannot be restored and all the functions of State come immediately to a standstill, which brings about the downfall of the Government. No such catastrophe can befall the Indian bureaucracy, and they can flout the recommendations of this House without the slightest fear of being affected in any way, and yet we are told that the Reforms have inaugurated responsible government in India. Under such circumstances, to pass through all the formalities of Parliamentary procedure without any sanction for enforcing compliance with the wishes of the representatives of the people, is a cruel travesty of responsible government and we cannot assent to the Budget consistently with our sense of self-respect. To those who view things in a different light than ourselves, I request them to consider whether the Budget proposes to lighten the burdens of taxation by reducing the salt tax, the price of postage stamps and the military expenditure. I further ask them to consider whether there has been any genuine effort to reduce the cost of administration by Indianising the Services, and last but not the least, whether India can survive this perpetual drain of her resources. From whatever different standpoint we may view the Budget we cannot affix to it our seal of approval without being a party to further impoverishment of our country, in the interests of foreign exploiters, whose interest is, and must necessarily be, antagonistic to our true national interests. So long as this system continues, so long as we are not given real power over the Budget, our attitude will be one of disapproval of your methods, signified by the rejection of the Budget.

With these observations, I ask every true son of India in this House, to refuse every Demand for Grant placed before us by a Government who stand between us and our freedom to make it clear to the world that India demands her birth right of self-government.

Mr. Ahmad Ali Khan (Assam : Muhammadan) : Sir, by reason of certain fortuitous circumstances as he himself puts it the Honourable the Finance Member has been placed in a position to show a surplus this year of over 2 crores. This, it is agreed, the Finance Member has put to the best possible use, namely, in reducing the provincial contributions, which had been acting as a serious hindrance to the development and progress of nation-building departments in the provinces. Sir, the Honourable the Finance Member is to be congratulated for having taken definite steps in initiating certain innovations, such as provisions for a gradual extinction of provincial contributions, the establishment of a Provincial Loans Fund and a scheme for the reduction and avoidance of national debt. These are salutary measures and show the far-sighted vision of the Honourable Member for strengthening the financial credit of the country both in the market here and outside. It is regrettable, however, to find that the military expenditure still stands at a very high figure, namely, Rs. 56½ crores. The

Honourable the Finance Member takes the opportunity of stating that in 1925-26 we have succeeded in approaching the estimate of the Retrenchment Committee. That is very welcome so far as it goes, but I should like to quote a few lines further down from the report of the Retrenchment Committee. At page 58 of their report they say:

"We do not, however, consider that the Government of India should be satisfied with a military budget of Rs. 57 crores, and we recommend that a close watch be kept on the details of military expenditure with the object of bringing about a progressive reduction in the future. Should a further fall in prices take place, we consider that it may be possible, after a few years, to reduce the military budget to a sum not exceeding Rs. 50 crores, although the Commander-in-Chief does not subscribe to this opinion. Even this is more, in our opinion, than the tax-payer in India should be called upon to pay."

I wish to lay stress upon the last two lines in the quotation I have read out that even Rs. 50 crores is considered to be excessive having regard to the financial position of the country. With regard to the amount of military stores held in stock I find that that has been reduced from Rs. 20½ crores to Rs. 16½ crores. That again is very high compared with the amount that should be held in stock as recommended by the Retrenchment Committee. At page 37 they say:

"stocks of stores be largely curtailed, and stocks of Ordnance stores including reserves be reduced from Rs. 14 crores to Rs. 8 crores, all surplus Ordnance stores being disposed of."

Even in the matter of stores we have not come down to the figure recommended by the Retrenchment Committee. Possibly that is due to high prices; I do not know. Sir, in regard to the high military expenditure we are told that we should guard against disturbances both internal and external. The internal situation, so far as I know, is perfectly satisfactory seeing that the non-co-operation movement, which at one time may have been considered to be a menace to the peace of the country, is now quiescent. As regards outside, we always have the bogey of the frontier, of the virile and turbulent people who live on the North-West frontier. Sir, it has been stated by more than one military expert that the frontier can be held by a fairly well-equipped Indian army of moderate size provided it is well-officered. And history tells us that the frontier has been so held against foreign invasion by the Sikhs and the Rajputs so long as there has been a good Government at their back to support them. After all I cannot help stating that on the whole the Budget is very satisfactory and shows an improvement on the figures of last year. Nevertheless this House will not be satisfied unless and until certain further reforms are given effect to. I mean the reforms in the direction of reducing third class fares on the railways, the charges on post-cards and letters, the extinction of the provincial contributions. Those are matters on which there is a strong feeling, and I hope the Honourable the Finance Member will be in a position before long to give us relief in those matters also.

There is also another matter on which I want to say one word and that is in connection with the military college. I would ask His Excellency the Commander-in-Chief and the Government of India to start a true military college, not a college on the lines of Dehra Dun. It seems to me that unless the Government take a real step forward and make a genuine effort to Indianise the Army in the higher grades, and that could only be done by having a military college on the Indian soil, the suspicion will remain in the minds of many that the Army is not going to be Indianised with-

[Mr. Ahmad Ali Khan.]

in any reasonable time. I hope that before long the Honourable Member in charge of the Army Department will be able to make some announcement which will give us satisfaction.

This time last year I made some observations on the policy of the Government in regard to opium. My Honourable friends from Assam will bear me out that the habit of opium eating is getting worse every year particularly in the Assam Valley. The other day I read in the papers that the female mill hands of Bombay have taken to drugging their babies with the result that infant mortality there has gone up considerably. It is no exaggeration to say that opium eating is almost a universal vice in this country. I understand that a system of registration has been instituted to grapple with the evil. Mere registration will not do and I should like to have an announcement from the Government as to whether they have in view any co-ordinated policy on this question of opium consumption, what steps they propose to take and how far they have succeeded in checking the habit, and so forth. As the Honourable Member who preceded me stated, there is no reduction in taxation and that is a feature of the Budget which in the opinion of many is not satisfactory. Nevertheless I desire to say that the Budget is a great improvement on that of last year, and I congratulate the Finance Member on his achievement.

Mr. M. C. Naidu (Burma: Non-European): Sir, I congratulate the Honourable the Finance Member on the result of his arduous labours, and wish to express the gratification with which I listened to his admirable speech introducing the Budget last Saturday. I sincerely hope that the House will discuss this Budget in a reasonable manner. The kind of discussion which I should welcome is the kind that was raised last week by the Honourable Sir Purshotamdas Thakurdas on the Railway Budget, in connection with the value of stores, when the Government voluntarily withdrew 35 lakhs out of a demand for 50..

I hope my remarks so far will not be taken to mean that I have no grievances against the Budget, or that the Burma constituency will approve of it wholly. I do not think that Burma is as yet as fairly treated by the Central Government as I hope it will be in the future. This is partly due to the fact that we do not complain so incessantly as the representatives of other provinces like Madras, and partly to the fact that we live so far away from Delhi that we are apt to be forgotten. There is a general feeling of grievance throughout Burma that it has not been fairly or generously treated in the matter of the steel protection duties. Burma has not the same facilities for buying Indian steel as the rest of India, and does not feel that it loves India sufficiently to pay duties on its steel, for the purpose of protecting India's industries. But if Burma has to pay these duties, I think it would be just that the amounts realised from such duties should be repaid to the Local Government to help it towards covering that large deficit of 157 lakhs which I see has just been announced for next year. It is true that we have got a reduction of 7 lakhs in our contribution of 64 lakhs. I have no doubt that this amount has been carefully and accurately calculated on the basis of the Devolution Rules, which enforce the Meston Award, but it certainly looks small in comparison with a sum of 157 lakhs. But I suppose we must be thankful for small mercies, and hope for more in future. I do not like that motions should be tabled merely on the ground of factious opposition and obstruction. It is that policy of unreasonable obstruction to which

I am fundamentally opposed, that spirit which was openly avowed by the Honourable Mr. V. J. Patel the other day, when he talked about a slaughter-house, and of mesmerizing an Honourable Member like Mr. Jinnah into that slaughter-house. I am prepared to support the bringing forward of a genuine grievance, but I cannot support a motion directed against Government, simply and solely because it is the Government. Sir, we are here to represent our constituents, to have their grievances redressed, and their wrongs righted, but we are also here, and the main reason we are here, is to help on and maintain and carry on the government of the country, in the best interests of the country as a whole, under the Reforms. Let us represent our grievances by all means, and use every effort to get them redressed, but do not vote like sheep at the bidding of a party leader, whether you agree with his policy or not. I will not vote for any motion which is framed on the pretext of a political reason, merely to obstruct the Government of the country. Sir, I do not think that this country can be run by mere talk and cuts; nor can it be run by the party quarrels of which we have been given an exhibition last week on the Honourable Pandit Motilal Nehru's motion. Let us approve of this Budget, only raising reasonable and relevant objections, without cutting figures merely for the purpose of harassing the Government, as the Honourable Finance Member has put a lot of constructive thought into the preparation of this Budget and as the estimates, on the whole, seem to me to be fair. I wish the Honourable Finance Member good luck and hope that the Demands for Grants will be agreed to without any serious cuts.

Mr. H. G. Cocke (Bombay: European): Sir, last year many of us spent a considerable time in going into the budget figures and preparing what we thought were magnificent speeches, which however were never delivered due to the fact that there was very great competition to take part in this debate. I was glad to hear to-day that there will be a strict time limit this year. I think it is very desirable, when we come to discuss the annual budget, that views from as many parts of India and from as many sections of the community as possible should be heard. I should like at the outset to congratulate the Finance Member not only on his Budget this year, but on all the great work he has put in for India since he assumed office. Those sentiments have already been expressed by my Honourable friend behind me, but after expressing them he seemed to me to quarrel with everything Sir Basil Blackett had ever done. However, it was nice to hear from a member of that party some appreciation of the Finance Minister's efforts. Sir, let us look at the figures of the last few years. I do not want to weary the House with figures, but in a debate of this kind we cannot avoid them altogether. Sir Basil Blackett had to face a deficit of 27 crores in 1921-22, 15 crores in 1922-23, and that was brought round to a surplus of 2 crores in 1923-24, and to 4 crores in the revised figures of 1924-25. And although our Budget for the coming year is only expected to give us a surplus of $\frac{3}{4}$ crores, we hope the Finance Member may have fallen into that breach of rules which he himself is so anxious to see avoided in other departments, namely, bad budgetting; and we hope he may have considerably under-budgeted, and that in the end we may find we have an actual surplus of something approaching last year's four crores.

Sir, the Army expenditure has been referred to, and I only just wish to mention one or two points in passing. To listen to some of the speeches,

[Mr. H. G. Cocke.]

one would imagine that the Army was a hobby of the Finance Member and of the Commander-in-Chief, and that we had no neighbours at all who were likely to give us trouble. The Army expenditure has come down from 63 crores in 1921-22 to 59 crores, then to 52 and then to 51 and it is now in the neighbourhood of 52. No one suggests that that is not a large figure, but one has got to take the geographical position of the country into account and not to assume that the Army in this country is a mere hobby of the British element of this country. There is real work to be done, and if calls are made on the Army, say, from the North West Frontier at any time and it is not able to meet them, the first people to criticise the Army administration will be my friends who now criticise the amount of the expenditure.

Turning, Sir, to Customs, the figures are not open to very much comparison owing to the fact of the Steel Protection Act, which, as we know, has pushed up the results very appreciably. I am sorry that some of the taxes which were imposed as a war measure, or a post-war measure, to meet a large deficiency, still remain on, and I hope some review of those articles taxed will be made before the next Budget is presented to us. A motor car is one item which is not looked upon as a luxury now-a-days, and if some help could be given to the motor trade—I do not mean the motor manufacturing trade of India, because it does not exist, and there is no question of these duties being protective duties—it will help considerably the industry of this country; I mean if the motor trade is relieved of part of the import duties.

Sir, I hesitate to turn to Excise because I feel, in discussing Excise, and particularly Cotton Excise, it is very much better that it should be dealt with by some one who is rather more independent than I am. But I do regard it as somewhat of a calamity that the cotton excise under the present mode of finance will not be removed for two or three years. That is to say, if provincial contributions, which of course we all want to see disappear, are to be remitted first, we shall not be able to turn to other things for at least three years, and it is, I think, most unfortunate that the removal of this tax should be shelved. If only the Finance Member could have met this tax to some extent this year by a reduction from 8½ to 2½ or 2 as a start, it would have been a good thing. After all the yield of the tax is only 2 crores, and if he could have taken off one crore of that as a stepping stone to withdrawal altogether, I think it would have been something. I see Sir Purshotamdas shaking his head. He is not content with anything but the whole amount. Perhaps he is right.

Sir Purshotamdas Thakurdas: I do not think it is right to reduce it piecemeal.

Mr. H. G. Cocke: But I think it would be better to make a start. Even though it is not a vast amount, only 2 crores, it would be better to make a start to show that there was a determination to take the matter in hand and not to shelve it indefinitely until the provincial contributions are finally removed.

Turning, Sir, to Income-tax, it is a little regrettable that the figures show a downward tendency. That of course is due to the reduction in trade, but in view of the fact that the income-tax machinery has been very considerably tightened up in the last two or three years, I had hoped

that that would have counterbalanced the smaller receipts, or rather the smaller trading profits. Many of us feel of course that income-tax in this country is not altogether equitable. It is perhaps as equitable as the Department can make it and they are endeavouring to make it more equitable. But I have a certain amount of experience of income-tax collection. I know very well that in India the small trader is very difficult to get at. The small salary earner is automatically taxed by deduction; but the equivalent trader is not taxed and it is very unfortunate that that should be so. The people who trade in the open pay this tax but the people who trade behind do not pay and any steps which could be taken by the Income-tax Department to get over that difficulty will be very welcome to the business world. I should just like to mention in passing the fact that we still have the super-tax levy on companies. The corresponding corporation profits tax at home has been withdrawn. The result of that super-tax on companies at a flat rate of 1 anna over the first Rs. 50,000 is that a private trader, we will say, with profits of 3 lakhs trades pays in super-tax under the graduated scale Rs. 89,000 of his 3 lakhs. If he converts his business into a limited company he proceeds to pay super-tax twice—once at the flat rate and next on the graduated scale paying in all Rs. 51,000. In other words it costs him Rs. 12,000 more in tax as the result of his conversion into a private company. In view of the desirability of limited companies extending as far as possible it is very unfortunate that that should be the state of things. That brings me to the question of the one-man company referred to in the Honourable the Finance Member's speech. That is really a separate question which I quite agree has got to be dealt with. We all know the sort of companies we are up against, a company which is really a private individual. Income is received and put to reserve; it is not paid away as dividends. Of course income-tax is paid on it and the flat rate of super-tax is paid on it; but the individual escapes the graduated tax. He borrows money from the company,—he does not draw out his profits as profits but borrows money from the company which is not the same thing technically; and he only pays income-tax and super-tax at the flat rate. He does not pay any graduated scale however big his income. That is an evil which we all know has been tackled in England and has got to be tackled here. There are probably very few such companies here, but the very fact that they exist necessitates that the matter should be faced.

Turning to the Posts and Telegraphs, I am sorry to find that the working expenses have risen much in the same proportion to the receipts. That of course is a distinct argument against reduction of postal rates. Unless you can run your Post Office at a profit, you cannot seriously consider a reduction in the postal rates. The gross receipts have only gone up from Rs. 9,90,00,000 in 1923-24 to just over Rs. 10,00,00,000 in 1924-25 and nearly Rs. 10,50,00,000 in the 1925-26 Budget. Against that our working expenses have increased from Rs. 9,68,00,000 to Rs. 9,98,00,000 and Rs. 10,42,00,000. So that, unless we can get substantially more receipts and keep our working expenses where they are, we shall not be running the Post Office Department at a sufficient profit to reduce postal rates.

Turning to Currency for one moment only, I should like to throw out the suggestion that now we are going to have the printing of currency notes in a few years' time in India at Nasik. I should like to make a suggestion that the very popular one-rupee notes should be revived and

[Mr. H. G. Cocke.]

not withdrawn. I think the country in view of the satisfactory Budget might face the expenditure of keeping these one-rupee notes in spite of the recommendation of the Inchcape Committee.

Sir, we have recently discussed the question of the Public Debt at considerable length in this House. It has been brought to the front very prominently by the Honourable the Finance Member and it is one which is all important. As an example of the industry and labour of the Finance Member I should like to tell the House that the informal discussion which was to take place as the result of the debate on the Public Debt took place last Sunday from 11 to 1 in spite of the fact that the Honourable Member must have been very tired as the result of his long oration on Saturday. He met us in Committee Room A and we discussed the Public Debt position. I for one consider that the provision made is not a bit too much, but I know there are other opinions and in view of the commercialisation of departments such as Railways the question does arise whether you are treating your capital in the way that a commercial concern would do, and I certainly think that a committee might be appointed to consider this question. But I hope the House will not interfere, or attempt to interfere, in any way with the budget provision which has been made this year for reduction and avoidance of debt. I do admit that this is a very large subject. One grievance I have is that in comparing this great machine—the Government of India—to a commercial concern, one does not know where the money is spent. I am talking now of capital construction. We are told that our debt at the present moment is so many crores. You cannot turn up and find on the other side of the account where that money has gone. Neither can you find out what assets you have which have been purchased out of the debt which has already been paid off. Some sort of national balance sheet would be an exceedingly interesting document. I know that to attempt to turn the Forests Department into assets and liabilities is not an easy thing; but the fact remains that we have a certain amount of debt and we cannot readily turn and see what this money has been spent on. We know also that we have large assets which have been spent out of loans which have already been repaid.

I should like to refer, for one minute, if I am not exceeding my time limit, to Post Office Cash Certificates in which I have always taken considerable interest. The Honourable the Finance Member kindly replied to a question of mine the other day and the figures given are extraordinary, —I mean the receipts from postal cash certificates. I should like to impress upon the House the great importance of this subject because Post Office Certificates with the Government savings banks is one of the chief ways of finding out the extent to which the people of this country are engaged in thrift, apart from buying silver and gold ornaments which perhaps is not altogether thrift. The receipts in 1917-18, when these postal cash certificates were first issued, was 10 crores. They dropped to just over 8 crores the following year, and for the next 4 years, from 1919-20 to 1922-23, the receipts were well under a crore every year averaging about 70 lakhs. Then in 1923-24 they suddenly advanced to nearly 7 crores or 5.20 net. That was a very remarkable achievement and it just shows there is considerable money in this country available if it can be attracted, and the Honourable the Finance Member has been successful in attracting it. But following on that in 1924-25 the net receipts dropped to 4 crores and 60 lakhs and in the budget year 1925-26 they are

expected to drop to 4 crores and 20 lakhs. Well it is not very gratifying that there should be that downward tendency anticipated and one suggestion I have to throw out to the Government is that the limit should be increased in this way—I do not say increase your limit of single purchase beyond Rs. 10,000; do not allow the rich man to come in and buy Rs. 20,000, but let a man who has got Rs. 10,000 buy a further Rs. 2,000 or Rs. 3,000 worth of these cash certificates each year. I know that these postal certificates are issued at very favourable rates; they are income-tax free; but I think the importance of encouraging thrift is so great that it would be a very good thing to allow individuals to increase their holdings by prescribing an amount per annum which may be purchased. I hope that suggestion will be carefully considered.

In connection with the point that I mentioned a moment ago about the question of the debt being repaid, I notice from the figures given in the Retrenchment Committee Report, that although we are only charging Railways the interest on the capital at charge, the amount which has been spent is very much more than the figure given. The amount invested in the Railways is 645 crores and of that 39 crores has been redeemed, leaving us roughly with 606 crores actually to redeem. But it is obvious that if you go on redeeming the remaining capital, in another eighty years or so you will be handing over to future generations a business undertaking—I am assuming of course that the lines are kept in order out of Revenue,—you will eventually be handing over to posterity a going concern free of debt. That is a thing which I say requires careful consideration—this question of the amount that should be provided for the redemption of debt.

With reference to provincial contributions, Sir, I would only like to say this, that I am all in favour of

Mr. Deputy President: The Honourable Member is nearing his time limit.

Mr. H. G. Cocks: Thank you, Sir. I should only like to say in connection with the provincial contributions that I am all in favour of their remission—every one is. But it is a little hard on other methods of taxation that they should be delayed till a day which may be four or five years hence before they are finally remitted—I am taking a really hopeful view.

I have just one word to say. I appreciate very much the lecture on Exchange which we find in the budget speech. It is very interesting and, I think, very sound; and finally I congratulate Mr. Jinnah and his friends very much on refusing to throw out the whole Railway grant the other day and enabling us to rest assured that we are going to have these grants properly discussed and not thrown out just to suit the whim of a particular party.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, though my Honourable friend who has just sat down was able to congratulate the Finance Member, I am afraid I must extend to him my most heart-felt sympathy on the Budget that he has presented to the House, even though that Budget be a surplus Budget. My reason for not being able to congratulate him is that the Budget and the Revised Estimates and Accounts submitted with the Budget show what an over-cautious attitude or rather outlook the Honourable the Finance Member

[Sir Purshotamdas Thakurdas.]

must have taken in past years, when instead of the fixed deficits, we now find there were surpluses which for a few years back at any rate have no parallel. I shall go into the figures a little later, but before I proceed further I hasten to give the provinces which have come in for a part of what was due or rather overdue to them my most hearty and sincere congratulations on the tardy justice that the Finance Member has seen fit to do to them: and I can assure them—I will speak on this a little more in detail when the relevant Resolution comes up—but I feel that I must say that I can share their joy and gratification as much as a Member from Madras or the United Provinces or the Punjab itself. I am afraid I must keep out Bengal, because to Bengal I can only extend my sympathy at their inability still to be dependent on themselves and at their necessity of having still to lean on the Government of India and the tax-payer of the Government of India. I have all along felt, Sir, that Bengal and Bombay run fairly close together. If the Meston Award is unjust to Bengal, it has been and is, I must say, wicked in its effect on Bombay and Bombay finances. But, Sir, the Government of India have not yet shown the slightest inclination to recognise that, and the Honourable Finance Member informed us that he did not even include 63 lakhs in his budget this year because he thought it may be an extraordinary receipt. While, therefore, I do not grudge Bengal the assistance they get, I hope Bengal will always give way to Bombay whenever Bombay's case comes up hereafter. (Laughter.)

I think, Sir, that this is the third Budget which the Honourable the Finance Member presents to this House. The two previous Budgets happened to be in each case coupled with a crisis of one sort or another. He had to give grave warnings as to what would happen if the fresh proposals for taxation that he presented were not accepted. In fact the very first year there was a constitutional crisis which I am sure he and the Government of India would have liked very much to see avoided. Whilst, therefore, I sympathise with him, I sympathise with him on the opportunity that has been lost to him of being called what he would justifiably have been called to-day, if what has actually turned out could have been foreseen even with reasonable approximation in 1923-24, namely, the prosperity Finance Member of the Government of India.

Now, Sir, let us see what are the figures revealed to us by the Budget. One rarely goes back to the actuals of a previous year or the Revised Estimates of a current year when one discusses in this House the Budget of the next year. But the peculiar circumstances of this Budget compel me to give a few minutes to an analysis of the actual and revised figures that are given in the Budget. In 1923-24 the Budget was for a 38 lakhs deficit—ordinary revenue. The proposed increase in salt tax was rejected by this House and had to be certified. The revised figures showed a surplus of 206 lakhs—with the windfall, I admit; but still instead of being a 38 lakhs deficit it was a two crore surplus. The actuals are a surplus of 239 lakhs. But that is not enough. Let us analyse the figures a little further. They got 131 lakhs in salt in addition to what they had anticipated. They had 351 lakhs less expenditure in Military, which I admit the Finance Member could not have with much reason foreseen. That makes a total of 482 lakhs, against which—he does not carry that forward—the Finance Member thinks fit to write off 341 lakhs for the expenditure in Persia—with which I will deal in a minute—and he writes off 82 lakhs

being the discount on the loans of 1923, making a total of 423 lakhs; and he takes 239 lakhs of the surplus to the reduction of debt. The deficit of 38 lakhs which was estimated at budget time naturally vanishes. What is the net result? The net result, Sir, is that between the Budget and the Accounts the difference is 7 crores on the right side. It is a mistake on the right side and if one can be congratulated, Sir, on an error on the right side, I very heartily congratulate him; but I must not be understood to criticise

The Honourable Sir Basil Blackett: I do not want to interrupt the Honourable Member, but I think he has made an error in his figures. I think he has excluded the windfall from the 38 lakhs deficit and included it in the other figure, so that that makes his figure of 7 crores rather big.

Sir Purshotamdas Thakurdas: I am sure, Sir, that you will not allow me to speak a minute longer than is allowed and I shall revise these figures later on if they be inaccurate; but I have had these figures checked by one or two friends of mine. I shall go into them a little later. I make it, a surplus in the actuals of 7 crores instead of a deficit of 38 lakhs. If the Honourable Finance Member says it is less than that, I do not mind leaving out a crore or so, but I am fairly sure my figures are correct.

Let us now look at the Persian expenditure. In the Indian Retrenchment Committee's Report, in the chapter on Aden, the following occurs (para. 26):

"At present political expenditure in Persia is divided in moities between the Indian and Imperial Exchequers, this arrangement being based on the recommendations of the Welby Commission. We are informed, however, that owing to the lack of sufficiently strict definition, the question has arisen from time to time whether important individual items of expenditure are properly governed by this principle of division. We are impressed by the heavy liabilities imposed upon India during the war, and we are strongly of opinion that the present arrangement should be revised without delay."

Now, Sir, last year just at the beginning of the session, I asked for a statement, and I will read the question:

"Will Government be pleased to put on the table a statement showing the items of financial expenditure in dispute between the Government of India and His Majesty's Government, which the Honourable the Secretary of the Finance Department said in the Council of State on the 16th July 1923 in a speech, he would place before the Legislature at a later date?"

The Honourable the Finance Member placed a statement, from which I will read the relevant item. The heading is "Expenditure in East Persia".

The Honourable Sir Basil Blackett: That is quite a different item.

Sir Purshotamdas Thakurdas: There are two items, Sir. One is Expenditure in Persia, that is No. 8, and the other is Expenditure in East Persia, No. 3. I will read only the relevant portion from the Honourable the Finance Member's statement. He said that:

"in view of the military and political interests that India possessed in East Persia, the War Office demurred to bear the entire charges in this region, but it is uncertain whether they are maintaining this attitude. As expenditure in East Persia was not recorded separately in the accounts, it is not possible to state the amount disputed."

The Honourable Sir Basil Blackett: It was not in dispute.

Sir Purshotamdas Thakurdas: It was not in dispute at all? I see. We shall go into this on the Demand for Grants.

Then, Sir, regarding the expenditure on the 1923 loan of 82 lakhs, the Honourable the Finance Member says in his statement that his intention originally was to spread this over a number of years. He however writes it off in the accounts of 1923-24 and does not even think it necessary to explain why there is a change in the procedure. I should have thought that it was a very important deviation from the usual practice followed either in a commercial or in any Government department, and I expect that he will explain why he has followed this somewhat extraordinary procedure except for the purpose of showing that there is less money available for remission of taxation. But I take it that he is as anxious as anybody else to relieve the taxpayer as early as possible.

Now, let us look at the revised estimates for 1924-25. There, Sir, what do you find? The Budget had a surplus of 18 lakhs, and grave warnings were given to this House, that if provincial contributions were required, they must vote for the salt tax at Rs. 2 and not at Rs. 1-4-0. Now the revised estimates show a surplus of just under 4 crores of rupees. I have got an analysis of the different figures, but it hardly matters as I wish to pass on to one or two other subjects.

Let us now look into the items which go to make up the difference between the 18 lakhs and 4 crores. There is 1 crore 10 lakhs received by protective duties. I know that the Honourable the Finance Member in his budget speech said last year that no inclusion was made for it, but when he presented his Budget in March last he must have known what decision the Government of India had come to. I can understand his inability to tell us about this revenue at budget time last year but he would not be ignorant of what was coming after May. However, I only refer to this in passing. But, Sir, there is 4 crores in military expenditure. I wonder if last year also it was as difficult to foresee this drop in military expenditure as in 1923-24. If he says that it was impossible for him to foresee it then I will not doubt it. He, Sir, has 42 lakhs recovered from settlement of claims which the Government of India had. Against these 5 crores 52 lakhs, there is an allowance made for revision of pay of military officers, an allowance made for bounties to the extent of 62 lakhs, and about 25 lakhs for the Lee Commission increases resulting in a net balance of 4 crores 36 lakhs. Now, I submit, Sir, that these two entitle the Finance Member to our sympathy as the very wrong—and if you like it partially necessarily wrong—estimates made in the two years.

Regarding military, we are informed that the estimates are given to us with the seal of approval of the sub-committee of the Executive Council. I expect to be able to deal with it in detail later on on the Demand for Grants. But I wish to point out that the Incheape cuts and recommendations have not been carried out as far as the military stores are concerned. The Incheape Committee said that the country simply cannot afford stores running into the figures of 20 crores. You still hold the best part of the stores to the extent of 16 or 17 crores, whereas the Incheape Committee strongly recommended that the military stores should be still further reduced to at least 11 crores, and as this has not been done, I think some light is very necessary on this point. But while I am on this subject, I cannot but strongly suggest to the Honourable the Finance Member that in the accounts of every department of the Government of India, the Honourable the Finance Member may very usefully put in a

statement showing the total stocks held by the Government of India in the various departments in the manner that has been done by the Retrenchment Committee at page 292 of their report. I also see no reason why they should not be able to show the approximate level of prices at which stocks are being held in the Government books. You will then avoid the scoop of 2 or 3 crores as was reported last year in the Railway Department. Sir, I would very seriously suggest to His Excellency the Commander-in-Chief whether he would not think it to be useful at least for his own guidance when he makes up his budget estimates. I would also suggest to the Honourable the Finance Member, so that we may not mix up East Persia with the other Persia, that every year when he presents his Budget a statement may also be submitted to this House showing the items in dispute either for credit or for debit, and also items in which there is a claim against the Government of India or a claim by the Government of India awaiting settlement. I do not know to what extent you will find it feasible to do so, but I think it would be of very great advantage to this House if in the Budget Statement statements on these lines are submitted along with budget papers.

I do not wish to refer to the question of Exchange except to offer to the Honourable the Finance Member a statement that I have got prepared of an analysis of the articles imported under Customs. This Statement shows to what extent or up to what percentage the ordinary Indian ryot is responsible, as a consumer, for imported articles, and I wish to place this statement* on the table with a request that the Honourable the Finance Member may have it checked before the Finance Bill comes up. And I should be very grateful if he could point out to me if there be any mistake in this statement. I am sure the House will be very much interested in this statement, and, if we could come to a clear understanding regarding the extent to which the average cultivator of India consumes the imported articles, I expect there will not be much difference of opinion between me and the Honourable Member opposite, much less between him and the House.

Now, Sir, I wish to refer to only one more subject before I resume my seat. I wish to summarise again for the Honourable the Finance Member's criticism the results of the working of the three years as I see them. The net results, Sir, of the working of the three years 1923-24, 1924-25, and the budget figures of 1925-26 to my mind appear to be surpluses of 7 crores in 1923-24—subject to what the Honourable the Finance Member has said—4 crores in 1924-25, one crore in 1925-26—I take the balance of 74 lakhs for 1925-26 and 10 crores reserves and *additional* depreciation set aside in the Railway Department. Not that I mind the last, not that I want it to be reverted. I only want to point out what amount has actually been set aside—a total of 22 crores in all have been set aside out of revenues for various reasons during these years. I need not go into the reasons now as to why it is that the Finance Member is so anxious to set aside such large sums out of the revenues instead of giving remission in the taxation of India. I don't think I need say a word in this House as to the great and very beneficial effect that would prevail in the country if the various taxes which are at present a great burden are remitted. It would make a tremendous difference as far as the masses are concerned. Why does the Honourable the Finance Member wish to retain all this—I know his anxiety to improve the credit of India in the financial market—I share his anxiety to borrow as cheaply as we possibly can—but in three years' time

*Printed as Appendix 'B' to these Proceedings.

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the Finance Member wants us, Sir,—in fact I may say he is not satisfied with his having set aside this 22 crores on one side in order to fortify the credit of India. I wish to ask him, Sir, whether the credit of India is as low as that, or whether the half or quarter per cent. that he may save in borrowing can be compared with the great political and other effect that the contentment of the masses can ensure by giving them a remission in one form or the other.

And finally, Sir, I come to the great question as to why the Government of India have thought fit to delay the removal from the Statute-book of the one duty which marks not only the inferiority but which also marks the humiliation of India. I, Sir, make no hesitation in referring to the cotton excise duty. Every Viceroy and in fact every responsible officer of the Government of India has before now said that it should go. As a matter of fact, I say that the Government stand committed to it, if for nothing else, Sir, on Lord Hardinge's pledge. You have got 22 crores set aside one way or the other; you promised that the excise duty shall go as soon as finances are available? Is it for you to say that the finances are not there? I leave the country to judge.

Mr. Deputy President: I am afraid the Honourable Member's time is over.

Sir Purshotamdas Thakurdas: I will finish in one sentence. I am afraid the excise duty is being mixed up very wrongly, very inadvisedly, with the provincial question and provincial jealousies are sought to be created. Let me assure this House, Sir, that whether I was a Bengali, or a Punjabi or a Burman, I would be as strongly against the excise duty as I am today.

Mr. Narain Dass (Agra Division: Non-Muhammadan Rural): Sir, the budget statement of any country is always provoking of much thought, and the Budget of the Indian Government really provokes thoughts even in a man not much given to thinking. Looking at the general character of the Budget, looking at its salient features, I find that it is exactly the prototype of its preceding Budgets. So far as the bureaucracy is concerned, so far as certain fixed principles are concerned, so far as autocracy goes, it has exactly a family resemblance to so many Budgets of years gone by. It is after all a question of view-point. It is not a question of accounting, it is not a mere question of adjustment. The main principle in any financial arrangement is after all a question of the view-point. From the point of view of the people we have to see whether the expenditure is kept up at a lavishly large scale or whether real economy, not mere paper economy, not mere jugglery of figures, but real economy which the man in the street could understand is being practised. Whether looking at the taxable capacity of the people, looking at the financial resources of the country, looking at the people as a whole, we are keeping up expenditure—be it in the Military Department or in the Railway Department or be it in the Administration Department—we have to see whether we take at all into account the actual state of the country. I know, Sir, that in this country certain principles not only of administration but more particularly of finances as well have been imported. And we have to see whether the view of the Assembly as represented here or the larger volume of opinion as reflected in the papers and on the platform, we have to see from year to year whether that has made any change in the general financial outlook of the Indian Government. And, looking at it from this

standpoint, Sir, I am sure, I have a firm conviction that the Financial Statement presented by the Honourable the Finance Member runs exactly on the same lines as have involved our ruin for years past. Now, until the bulk of the heavy burden of additional taxation, which is variously estimated at 40 crores and over, is taken off, until fares and rates on railways go down, until postal and telegraphic charges, which have almost more than doubled recently, are lopped off and brought down to their ordinary level, until we see a reform in the customs duties, which leaving aside the luxuries in one form or another mean the making of necessary articles more dear, unless these radical changes are brought about, can we say with any amount of truth that our financial outlook has improved at all? I don't think there is any improvement whatever. Rather I should say we are going back.

Now, the matter of the salt tax has been so eloquently referred to by Sir Purshotamdas Thakurdas that I need not say much about it, but one point strikes me, and that is that with the lowering of the duty the total volume of consumption has gone up considerably. From a rough calculation I find that the total quantity consumed is considerably over 6 crores of maunds, as against 3.80 crores maunds of the last year. In the budget statement we are referred to "the rush at replenishment of stock" consequent on the lowering of the duty. What is that replenishment? It is only the famishing people who after the lowering of the tax would think of rapid replenishing. When the duty stood at Rs. 2/8, the total consumption fell off considerably. Why is it not confessed that with the lowering of the duty the total quantity of salt consumption in the country has gone up considerably? Is there not the implication, and a very strong implication, that with the further bringing down of the salt duty the total consumption of salt will considerably increase? Really, Sir, from what I know of my people, from what I know of the consumption of this very indispensable article, and how useful it is not only for men but for cattle and for a variety of industries, I can assure this House that with the further lowering of the duty the actual normal consumption has yet to come out. Even with the duty standing at Rs. 1/4, I know that the bulk of our people are stinting themselves in the matter of the consumption of salt.

Then, Sir, about the military expenditure I need not say much. Somehow or other it has come to stay at the charming figure of 60 crores a year. Of course, with the manœuvring of figures, the accounting and adjustment, sometimes calling certain items "net" sometimes "gross," sometimes "true," as if there was an untrue account—the military expenditure is made to appear slightly below 60 crores a year.

Generally speaking, I find that it hovers somewhere about **1 P.M.** Rs. 60 crores. That means about 50 per cent. of the swollen normal income of this Government. We have often discussed this question. It is a question on which greater authorities have spoken and on which a very large volume of opinion exists. In passing I may simply mention that with peace reigning in the country from one end to the other, with Mahatma Gandhi always teaching the lessons of non-violence, I wonder for what purpose this inordinately large military expenditure is kept up. I need not go into its causes. I need not bewail the fact that Indians are not being taught in the art of militarism. To be frank and outspoken, I think it is to perpetuate the subjugation of the people, to keep them in the same state of slavery for all time to come. There is no other apparent reason for it. With the existing state of things in India,

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with such willing co-operation, where co-operation is really wanted, I see no reason why this expenditure should be kept up at such a high scale.

Then, Sir, this provincial contribution is really an apple of discord. It is a very ingenious apple of discord thrown on the floor of this House. I do not know what the ultimate decision of this Assembly will be, but I think that the present situation is hardly hopeful. There have already been cheers on the announcement that the provinces will be relieved of a part of their burden. But, Sir, whether it is the Central Government or the Provincial Government, I find that they have the same characteristic of lavishness. If there is the Military Department of the Central Government, there is the Police Department of the Provincial Governments. If we have our aeroplanes and other murderous machines to look after, they have got their lorries to provide for the Police, to ensure speedy transit from one place to another, and their manœuvres in certain districts just to keep order and peace. Well, Sir, so long as the type of Government remains the same, so long as the character of the expenditure remains the same, it matters little whether the money is spent by the Central Government or by the Provincial Government. What concerns the people is a real relief, in those taxes which are crushing out the life of the nation, taxes which mean a real hamper to the people. I submit that this apple of discord announced with an emphasis that it is the considered policy of the Government means an utter disregard of the real needs of the people. Why not reduce taxes in the face of such a heavy surplus? As Sir Purshotamdas Thakurdas just now pointed out, it is not merely a nominal surplus of 2.68 crores or even of 4 crores. It is a very heavy surplus of about 7 crores and odd. Why not use it to reduce the universal, all-pervading taxes?

Then, Sir, referring to the Posts and Telegraphs, I fail to understand why in spite of levying heavy charges the Department is really working at a loss. Have we non-co-operated with the Post Office? Do we not send our money orders? Do we not write the usual number of letters? Do we not use the telegraph to the best of our capacity, our means and our opportunities? We are making the best use of the Post Office. The rates, just to repeat a statement, have doubled in recent years. Why should the Department be working at a loss? Simply because the administration, not only of the Post and Telegraph Departments, but of many other departments, is top-heavy. It ignores the capacity of the people. It simply tries to introduce methods for which this country is certainly not fit. It tries to import methods from America or England or other richer countries and takes no account of the villagers and ryots, the villagers with one meal a day. The introduction of these methods, even though improved by commercialisation of accounts, causes such a useful Department to give such a bad account of itself. The wonder is that we do not find any of the commercial departments of the Government working on sound lines. If I can refer to the Forest Department, I find in a book published by the Department that each acre brings only 2 annas a year. Will any cultivator, will any man who keeps his land for mere grass, will any man who keeps his land for growing trees, be considered at all wise or worth his labours if he earns only 2 annas an acre? And this venture in reserved forests has made the lot of the hillmen really pitiable. If we come to the Railway Department, we find that the utmost that the country get is 1 per cent. on the capital. I would not trust even my nearest and dearest relatives with money if they could assure me only

of 1 per cent. or $1\frac{1}{2}$ per cent, on the investment, and who wanted to spend the rest on improvements and extensions. If I were a rich man, I would not entrust my money on those conditions to anybody. In our country capital is not so cheap. Regarding the biggest of the commercial departments, the Railways, we have been discussing during the last week what they can give and what they are likely to give. It is stated in the Honourable the Finance Member's speech that in some years to come they will of course be able to give a better account of themselves. In spite of that assurance, looking at the present situation, it can very safely be asserted that they are giving a very poor return. The Posts and Telegraphs, another commercial Department, is really working at a loss. So I think that the Government should narrow down the scope of their commercial activity, otherwise known as State monopolies, and leave these activities, to some extent at least, in conformity with what happens in other countries, to private enterprise also. Of course the question will come in how to provide fat appointments to some people. Commercial departments should look really to the worth of the man and the value of the labour he gives and not to any other standard.

Well, Sir, if I may be allowed for a moment to refer to the statement of the Honourable Member from Burma, I assure him that to a certain section of the House it has not been a matter of voting like sheep, as he says. They do not vote like sheep in accordance with the bidding of the party leader. I may assure him that some of the Members at least of that section have got the usual modicum of brains. But they are not independent of their leaders nor of their constituencies. After all, it is a matter of one's conviction, and I may assure my Honourable friend that we are not voting blindfolded. There is discussion, there is argument, and the voting is always done according to one's convictions. After these few words I do not think that I need go further into the depths of this Financial Statement.

Mr. Harchandrai Vishindas (Sind: Non-Muhammadan): Whilst I find that there is so much conflict of opinion as to whether the Honourable the Finance Member should be congratulated or not upon his budget performance I think I need not make any remarks on that subject which is generally the opening chapter of one's budget speech. But I can say this much that the Honourable the Finance Member appears to be a lucky beggar and that ever since he came in 1923 he has been having good budgets, and bearing in mind that Sir Malcolm Hailey, his predecessor, was for a succession of years a victim of the slings and arrows of outrageous fortune in so much that he had to deal with deficits and bear the odium of imposing unpopular and unpleasant taxation, it is due from the Honourable Sir Basil Blackett to just make use of that good luck in remitting some taxation, a matter which has been urged by some of the previous speakers also, and also in remitting the odious cotton excise duties which have been condemned from their initiation up to now.

Now, after this I propose to deal with certain questions which affect my part of the country, especially the port of Karachi, my city. The first demand in the detailed estimates book which has been presented to us relates to Customs. In that regard I might say that we have a grievance as regards the Appraising Department of the Karachi Customs. Ever since the appointment of the Tariff Board there have been fresh rulings from time to time which have imposed a great burden upon the work of the appraisers. With all that, there is no corresponding increase in the staff which would

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come to the relief of commerce. Now, these appraisers work at the jetties up to 5-30 P.M. and then they go to the Customs House to help the appraisers there in clearing arrears up to 7 P.M. It is not, however, from the point of view of the appraisers or their remuneration that I am alluding to the subject, but it is from the point of view of merchants. The mercantile community suffers a great deal by the delays and inconveniences which are occasioned to them while discharging their customs business by the inadequacy of the appraising staff and I think it is rather a penny-wise and pound foolish policy if this stinting of the appraisers is supposed to be done in the interests of retrenchment, because time is money, especially to merchants and commercial men, and whatever time is saved by them will result in the saving of money which will indirectly benefit the Government resources. The Chief Collector of Customs sometimes ago submitted a scheme for straightening the appraiser's staff, which was unfortunately turned down. Now, there is a certain item on page 5 of the Demands for Grants which might be supposed to be a kind of provision of the nature I demand, but that is not so,—I mean in big letters you have got there "Permanent retention of 2 appraisers and 4 clerks". These appraisers are not the appraisers to whom I am referring, but they are postal appraisers and the quantity of their work has been trebled since the war. If you look at page 22 of the Standing Finance Committee's report, Vol. IV, No. 3, my remarks are borne out there. The appraiser's pay is Rs. 200 as appears in this book of Demands rising by increments of Rs. 20 per annum to Rs. 600. As a matter of fact, none of the present appraisers would reach that maximum figure at all because previous service does not count and some people enter this service at the age of 45, and so on. Another point on the question of customs relating to my city is the Indianization of the Service. At present, the permanent Collector is a European and there are three Assistant Collectors who are Anglo-Indians. Of course, the present acting Collector, Mr. Lalkaka, is a Parsi, but he is only acting; but the permanent staff is, Collector European, three Assistant Collectors Anglo-Indians and there is not one Indian. It cannot be said, as is said in regard to Railways and other departments, that any technical knowledge is necessary which is possessed by Europeans and not by Indians. This is a matter in which Indianization can very easily be effected and I do not see any reason why this matter should be delayed considering that all kinds of rosy promises have been made whenever we ask for the Indianization of the Services. Now, Sir, the third point in regard to the Karachi Customs is that the preventive service, which formerly consisted mainly of Europeans and Anglo-Indians, had and still have Government quarters. There is no reason why this privilege should not be extended to the poor appraisers who are all Indians, or if they cannot get quarters they should receive house rent allowance. For the Superior Service, that is, the Collector and the three Assistant Collectors, the Government have sanctioned compensatory allowance on account of the higher rent paid in Karachi. Why should not the same privilege be extended to the subordinate service?

I have exhausted the subject of Customs and I will turn to the next subject, namely, of Income-tax (which is the second in this book) as affecting my city or rather my province. In Sind the income-tax work is done by a special staff of the Income-tax Department in certain selected areas. I understand that from next year the whole of this work will be done by that Department, a part of which is at present done by the Revenue

Department. In Sind there is one Assistant Commissioner, 3 Income-tax Officers, for Karachi town, one Income-tax Officer for the Hyderabad district, one for Sukkur and parts of the Sukkur and Nawabshah Districts, one for the Shikarpur and part of the Sukkur District and one for the Larkana District. In the Budget there is no provision for any extra staff, although the Department is going to take over the whole of the province including all the villages which formerly used to be done by the Revenue Department. In the Standing Finance Committee's report, Vol. IV, No. 3, page 214, it has been laid down that one income-tax officer is necessary for 700 ordinary assesses, or 4,000 salary cases, or 900 reference cases. If this proportion is carried into effect, for the town of Karachi, where there are 3,200 ordinary assesses, there should be at least 2 more officers. As a matter of fact, at present there are only 3 officers for the Karachi city, of whom one again is going to be taken away to Thar and Parkar District. When Mr. Sim was in charge of the Income-tax portfolio and came to Karachi, the Buyers and Shippers Association of Karachi approached him on the subject, and complained to him about the inadequacy of the staff and the consequent delay. In the Hyderabad town the number of assesses is 2,000 and there should be two officers instead of one. Here, again, I want to bring to the notice of the House that it is not for the sake of these officers that I am pleading, but I am pleading the cause of merchants because, when there is not enough number of officers to deal with their cases, they have to put up with a good deal of delay and inconvenience. The same remarks that I made with regard to Customs apply here.

Having said so much so far as some of my local demands are concerned, I now come to some general topics. One of them is the military. I am not attacking the Military Department just at present in the manner in which it is usually attacked for excess in military expenditure because we find from the Honourable the Finance Member's statement that genuine efforts are being made to effect retrenchment in military expenditure. It stood at 87 crores, then came down to 69 and now it has come down to 56 crores. I quite associate myself with the need of praise which he gave to His Excellency the Commander-in-Chief and I think the Honourable the Finance Member also should deserve some credit, for had it not been for his hammerings for retrenchment the saving to this extent may not have been possible. But there is one peculiar aspect of the military question which struck me and I wish to bring it to the notice of the House. We have been time after time advocating the establishment of a military college and I think that some Members who will speak hereafter will deal with this question at some length. We have been times out of number pressing for the establishment of a military college for giving military training to officers. Just now I think one Honourable Member referred to that. But there is one method by which great economy could be very easily effected, without the least difficulty. That is this. Now, you have got this proportion of soldiers in India, namely, 135,000 Indians and 58,000 British. I am speaking subject to correction by Mr. Burdon, if I make any mistake in my figures. Why not substitute Indian soldiers for English soldiers? Now in the first place it cannot be said that soldiers require the same kind of training that is required in the case of officers. They say it takes 30 years for an officer to become Commander-in-Chief. Leave alone that question. That question has been dealt with before, that we should have Indian military officers. Why cannot we convert these 58,000 British soldiers into Indian soldiers? If you cannot do it in a year do it gradually. Do it in 2 years, 3 years or 5 years. Do you realise what the amount of saving will

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be? In the Inchcape Committee's report on pages 288 and 289 we have got figures to show that. I shall not go into the figures for 1913-14, as that is quite unnecessary, but in those of 1922-23 when the cost of one Indian soldier was Rs. 681 and that of a British soldier was Rs. 2,508 per annum which is four times that of an Indian and not five times as some Honourable Member remarked, it means that by converting British into Indians every year you will be saving Rs. 1,800 per soldier, which means that if you take the figure to be converted at 50,000 it makes a saving of 9 crores. If you go on doing it gradually in five years, it will mean a saving of 9 crores in the end. You may do it in one year or two years or three years or five years but in the end you will be able to make a saving of 9 crores. It may be said that the British soldier has got greater military qualities than the Indian soldier, although I do not think any of us will admit that, more especially my non-co-operating friends. But if we assume that for the sake of argument, we have got special martial races who can be as good as the British. You have got the Sikhs, Gurkhas, Pathans and Mahrattas and from these you can recruit. What is this 58,000 in a vast population of 32 crores? You can very easily get it in a year's time if you are inclined to do so. I think this is a matter in which economy could be very easily effected. Now if there is any kind of lurking suspicion in the mind of the Government that by withdrawing British soldiers and replacing them by Indians they shall be relaxing their grip upon the country and upon the administration then they are entirely mistaken. They pretend to give us this responsible government. It means that they should trust us and they should not believe that by the withdrawal of the British soldier the safety of Government and their grip on the administration will be imperilled.

Now, Sir, another subject to which I wish to refer is the subject of the Indianization of the India Office and the High Commissioner's Office in London. It is said that the British officer is brought to India in order to infuse the British spirit in India. I say an Indian officer should be imported into England to infuse the Indian spirit there. We should be administrators in our own houses. I do not say that we should appoint Indian clerks from here because it will be more economical to employ British clerks but I do not see why the superior posts should not be given to Indians. In the first place we shall be masters in our own house. In the second place we shall be sending a lot of young men from here who will acquire a wide outlook and receive training which will fit them for higher service. Now, Sir, how does this work out with regard to the other nations? If you see Messrs. Thomas Cook and Sons' Offices in Paris, they are manned by Englishmen. If you see the French Consulate in London, you will find Frenchmen there. Why should not our offices be manned by our own Indians? Suppose a German or any other foreigner came to look into the India Office and did not find any Indian there, what is the impression that he would get? He would carry away the impression that Indians were entirely unfit to occupy those posts. That is another reason why there should be Indianization amongst them.

Now, Sir, another point that I want to touch is the Ecclesiastical Department. I think it is a grave injustice to the tax-payer of this country to have to pay for the ministrations of religion to Christians. There is no such department for Hindus, Muhammadans, Parsis or Sikhs. (*A Voice*: "Do you want one?") Certainly not. I want to do away with the one which already exists. We can look after our religion very well. So far as

troops are concerned, a very small establishment consisting of a few chaplains would do. Why are Bishops necessary for that—(Laughter)—and why should there be an Ecclesiastical Department for ministering to the civil section of the population? There is no such agency for Indian officers at all. Of course one could realise that when the British came here there was a necessity for such a department because of the paucity of priests at that time. Now you have got missionary bodies multiplied. You have got Indian Christians like Dr. Datta our Member here—(Laughter)—who could act as priests and minister to the religious wants of Christians. There is no colour bar in the case of the Ecclesiastical Department as there is in the case of other departments. (*A Voice*: "Oh, yes.") I have seen Parsi converts to Christianity acting as priests in Bombay. (*Mr. W. M. Hussanally*: "One of my friends said, 'Indianise the Department'.") There was a Bill brought here by Mr. Lathe who wished to lay down the principle that no priests should be forced upon a man who did not want them. That principle was accepted by the Government then although it was turned down by the Council of State as usual. That being so, why should not that principle be applicable to this case? We do not want these priests and why should we pay for them? Sir, I have done with the Ecclesiastical Department. They have purposely made it non-votable so that we may have no finger in the pie. I shall resume my seat after referring to the cotton excise duty. Of course there are more competent people than myself, especially experts like Sir Purshotamdas who can speak on this subject, but my desire is to reiterate and reiterate, and I wish every Member who spoke after me would do the same, that this great injustice to India, this great scandal, should be removed.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

Mr. T. C. Goswami (Calcutta Suburbs: Non-Muhammadan Urban): Sir, as an example of enlightened criticism of the Budget I will read from a newspaper which I got this morning:

"When a Finance Member in the course of a two hours' speech tells you that he has reduced military expenditure, expects to reduce it more, has been able to provide against such unforeseen accident as an adverse legal decision . . . etc., . . . ; can be given minor relief to motorists and Bombay mill-owners, and above all can tell Bengal that for another three years she need not pay up that annual contribution of 63 lakhs and Madras and the United Provinces, the Punjab and Burma that substantial reductions in their provincial contributions will be made; although nearly three-quarters of a crore is left as a surplus against unexpected contingencies; life is difficult for the genial wrecker clad in Swarajist khaddar."

In point of quality and excellence of criticism I think it rivals the renowned statement made by our friend Mr. Kabeer-ud-Din Ahmed two years ago when he proposed the rejection of the Finance Bill.

Sir, I must begin by pointing out that revenue has increased to 193 crores and on the expenditure side I find that, while in 1914-15 the expenditure was 78 crores, the estimated expenditure for 1925-26 is 180 crores. Allowing for the period of war, this increase in expenditure,

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namely, the difference between 180 crores and 78 crores, is an alarming increase and we cannot help feeling that with the poverty of the people in this country the increase in expenditure has laid a very heavy burden on the people of this country. It is a proposition which we have maintained in this House, namely, that India is becoming progressively impoverished. To that Government have not been able to offer any greater challenge than an ignorant, uninstructed denial. We demanded an 'economic inquiry' to study this very question of the poverty of the people. That demand was refused and the feeling on our part which was voiced during the last session of the Assembly demanding an economic inquiry, demanding that an economic inquiry should precede a search for new methods of imposing taxation, was ignored. Then, Sir, I shall point out that the Lee Commission's recommendations have been sought to be given effect to against the deliberate decision of the Legislative Assembly. There is another thing which I shall point out to the Honourable the Finance Member, and that is with regard to increasing staff; and I shall take his own Department. I think he has given us a bad example of economy in this respect. First of all, there is the Board of Revenue which is an entirely superfluous creation. Then there is an increasing number of Financial Advisers (*The Honourable Sir Basil Blackett*: "The recommendations of the Retrenchment Committee."); and Civil Servants are frequently appointed, and in increasing numbers, to hold what are known as, and defended as, "special" posts. If the increase of expenditure in 1925 over the expenditure in 1914 be sought to be justified on the ground of increased prosperity, I must point out that instead of increased prosperity there has been increased poverty in this country.

The Government of India to-day are not performing more functions than they performed in 1914. They are not offering anything more than the elementary safety of life and property. I do not see any extended programme of Government in the direction of improving the health, the physique and the earning capacity of the people. The fact that they have undertaken large obligations in connection with Railways as common carriers does not modify the view which I take, because it must be remembered that the prosperity of the railways is ultimately dependent on the prosperity of the people, and the railways as assets have no value except for the use which can be made of them. The railways in India would be worth much more as an asset if the people of India were enabled to produce more and to live better and thereby enabled to spend more on travelling. The Honourable Finance Member claims that he has reduced military expenditure. For the sake of peace in the happy family of the Government he actually congratulated His Excellency the Commander-in-Chief for the reductions which have been made. But the reductions are deceptive. First of all, as the Finance Member has himself admitted in his excellent and lucid, almost ominously lucid, budget speech, the 50 crore level recommended by the Retrenchment Committee has not been reached. But I say this also, that the figure of 56 crores is itself an understatement and for the following reasons. The savings in exchange, amounting to 70 lakhs, are purely adventitious and in order to compare this military expenditure with the expenditure for earlier years, they should not be taken into account. The credit of 114 lakhs by sale of surplus stores, again, is an item which cannot recur next year and is, therefore, misleading in a comparative statement. Further, I understand, large

sums have been realised by the sale of buildings and barracks in India which cannot be expected year after year. Arrears with regard to adjustments which have brought in, I believe, 42 lakhs will not recur next year. But what will recur perpetually, year after year, is the 29 lakhs which has been provided for free passages and revision of pay and allowances, etc. This 29 lakhs is the reflex effect of the Lee Commission's recommendations, which sum, as we apprehended at one time, has become a reality without the vestige of constitutional sanction. Government never came before the Assembly and asked for sanction, and I must say that I regard it as objectionable that the Finance Member should have sanctioned this item in a mass of figures, without the previous sanction of the Legislative Assembly. It will be seen in this way that whereas recurring military expenses have actually gone up, Sir Basil Blackett wants this Assembly to believe that he has reduced military expenditure. I should also draw your attention,—since I have not enough time now. I cannot go into details—in the List of Demands, to many concealed items under other headings, as for example "Political" and "Civil Works". The famous Waziristan Scheme pervades a large portion of the List of Demands. All that is really military expenditure. And if you calculate all the concealed military items I feel sure that the total figure of military expenditure in this country will be found to be even more appalling than that which has been presented by the Honourable Finance Member.

Sir, a word about Posts and Telegraphs. I wish to say this, that the Post Office profits are to a certain extent eaten up by the Telegraph Department, and a portion of the Telegraph expenses ought to be regarded as an item of military defence as it is justified on military grounds rather than as mere public utility expenditure. The money derived from Posts and Telegraphs,—notwithstanding the pious professions of Sir Basil Blackett that he did not want any revenue from the commercial services,—is spent lavishly on the Superior establishments; and the grievances of subordinate postal employés are not heeded. Sir, if the public is made to pay for postal service on an increased scale, then it is essential that some portion at any rate of the payment should go to people of this country serving in this department. I am sure Sir Basil Blackett will promptly turn round and say that this is not his subject, and he will throw the responsibility on his colleague on his right on the Treasury Bench for internal administration of the Postal Department; in other words, we shall be sent from King Stork to King Log, and I shall then know what to think of the so-called control of the Finance Department over the spending departments.

I next wish to refer briefly to Exchange and Currency matters, to which a considerable portion of the Finance Member's speech is devoted. Of course I leave Sir Purshotamdas Thakurdas to fight his duel with the Honourable Sir Basil Blackett over the fixation of the exchange rate. I do not claim to be an expert in currency matters, but I can see that a higher exchange has stimulated imports and has therefore given the Finance Member about three crores more than he expected from Customs duties. A higher exchange again has involved savings on the expenditure side which the Honourable Finance Member has put at 225 lakhs. This accounts for a total sum of 525 lakhs, which are directly the result of a high exchange. The Babington-Smith Committee not only recommended a two-shilling ratio, but examined the effect of a high exchange generally and recommended the Government to try and maintain the

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high exchange. The Government have tried to maintain it and they tried the disastrous experiment with regard to Reverse Council Bills. Subsequently they went a little easier about it, but as soon as Sir Basil Blackett got familiar with his surroundings in his new office in India he again attempted to raise the exchange and has managed to raise it by about two pence. Sir Basil Blackett's existence as a Finance Member is comparable to the double life of Jekyll and Hyde. As a Treasury Official he has his loyalty to the interests of the British Treasury and the British money market. As Finance Member here he tries to see what he can do in order to balance the Budget and get

The Honourable Sir Basil Blackett: I protest against that statement, Sir. In India I am not a Treasury official; I am the Finance Member of the Government of India and I have no interests other than those of India to consider here.

Mr. T. C. Goswami: I am glad to hear that; I am glad he has now dropped the other personality. I should say that the profits of this exchange are purely adventitious. In the nature of things Sir Basil Blackett does not guarantee a high exchange, much as he would like to; and this large sum of 525 lakhs is, therefore, one on the recurrence of which no reliance can be placed. Further, the interest on the Paper Currency Reserve and the Gold Standard Reserve, which gives him a total sum of 334 lakhs and which he has also used as revenue and attempted to justify, has been regarded by many learned people as unsound. Authoritative Committees, whose recommendations were accepted by the Government of India, provided for this sum to be used for writing down the value of securities from time to time. Still more competent critics have advocated that all sums accruing from the reserves should be set aside by way of reserves in order to enable this country ultimately to go on to an effective gold standard. The figure of 40 millions was settled as a safe figure for the gold standard before the war, but every country in the world has increased its holdings in gold in order to be able to restore or to retain an effective gold standard. In India no such revision has taken place, and with great deference for the ripe experience and close knowledge which the Honourable Finance Member brings with him, I must say that the frittering of resources growing in this manner for dead administrative finance must be condemned. This is our view, and, if he disagrees with us, we have asked this matter to be authoritatively investigated. The Government of India have not acceded to this request for investigation and so long as we have not been convinced to the contrary we must regard the practice of merging this into general revenue as harmful and unsound. It was not without an apology—and then on the ground of dire necessity—that a previous Finance Minister had made similar use of these sums. Sir Basil Blackett, on the other hand, has staked his reputation for sound finance and actually justifies this use. He claims that profits from currency have been used in England in this way. I should have thought that there was a difference between profits arising from the minting of token coins and the reserves of note issue. Can Sir Basil Blackett point out at any time during his experience as a Treasury official to any sums being made available for general purposes of revenue by the Bank of England from reserves which it holds against the note issue?

I do not, however, wish to enter into a controversy, but must hold that if the 525 lakhs, arising partly from exchange, and 334 lakhs from

this interest were not included on the revenue side and if the revenue of the country were taken as it would stand in a normal year and under sound finance, then, the surplus of which so much has been said would be an elusive surplus. It would be actually a deficit budget; and instead of being in the proud position of remitting this and remitting that, Sir Basil Blackett would be rightly pressed by the Assembly to look more closely into the possibility of reducing expenditure; in other words, to discharge his function as Finance Member more effectively than he has been doing hitherto.

Then a word, Sir, about the Meston Award. There can be no doubt that it is a settlement which was arrived at in a hurry. But the findings of the Meston Settlement are being held by the Government of India as so sacrosanct that they cannot be looked into. This arrangement, I am afraid, Sir, serves more a political purpose than a financial one. This is a point which my Honourable friend Sir Purshotamdas Thakurdas brought out this morning. You can in this way play one province off against another. Sir Basil Blackett pretends that he has rendered a great service to Bengal by letting Bengal off the contribution of 63 lakhs during the next three years. He has asked Madras, the United Provinces and various other provinces to look with great suspicion on Bombay. Every time there is a question of more taxation, he brings up the question of provincial contributions as a supporting argument

Mr. President: Order, order. The Honourable Member's time is exhausted.

Mr. T. C. Goswami: Thank you, Sir.

Mr. E. G. Fleming (Burma: European): Sir, I am glad I have been fortunate in getting an early opportunity to have my say in this discussion. One of my Honourable friends the other day twitted me for not saying something when all other provinces were asking for overbridges in the place of level crossings, but I considered that the remarks were of such a frivolous nature that it would be better not to put forward Burma's claims in case their importance was obscured under the cloak of frivolity.

In the first place, I think I must congratulate the Honourable the Finance Member, like many others, on the very satisfactory state of India's finances, from the point of view of the Central Government. The whole of the budget speech points to the finances of the country and estimates in the past having been made on a most conservative basis. We come here and are given a surprise by being informed that it has been found possible to allocate some 423 lakhs surplus funds from the year 1923-24 actuals to writing off the 1923 loan, discount charges and advances to the Persian Government which had been placed in suspense account. I shall refer to these points again later.

Turning to the Budget for the year 1924-25, I cannot help forming the opinion that the Honourable the Finance Member is fairly confident that his estimates are on a very safe basis, but in spite of that it would seem that he has seen fit to allocate 74 lakhs out of the estimated surplus revenue for the year 1925-26 as a margin against possible disappointments and misadventures during the ensuing year.

Similar methods are probably not unknown in business circles, but there are different opinions as to whether such a method should be adopted in dealing with the finances of an Empire, where every anna is required for

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expansion, and the powers of borrowing are so advantageous. I will not say that these methods have the effect of retarding the development of the country but they tend to discourage internal economies and the effect may be far-reaching. There is also the possibility that the knowledge that there is in all probability an ample undisclosed reserve may tend to make the scrutiny of expenditure less strict and open the door for insignificant extravagances, which, when totalled up, will amount to no small sum, in anticipation that the Honourable the Finance Member has something put away for a rainy or rainless day. These excesses in expenditure will in due course come before this Assembly in the form of supplementary grants or re-appropriations. That is my chief reason for being opposed to these large surpluses over expenditure which have been coming to light when actuals are known.

Turning to paragraph 8 in the Honourable the Finance Member's speech, we are informed there how surplus actuals for the year 1923-24 have been dealt with. I am satisfied that the discount charges amounting to 82 lakhs on the 1923 loan should be recovered from surplus revenue of that year. But with regard to the writing off of the 341 lakhs being the amount of loans and advances made to the Persian Government, I am of opinion that this amount should have been dealt with on the basis of say a ten years loan, repayable in equal annual amounts. The amount each year that would have been transferred would have amounted to approximately 34 lakhs. If that method had been adopted, it would have given the Honourable the Finance Member a further 8 crores to dispose of for reduction of provincial contributions. At the same time he would have continued to get the 30 lakhs from the suspense account till the whole account was closed.

Then, Sir turning to paragraph 80 of the Honourable the Finance Member's speech, I can now put forward what I think will cause disappointment to the ensuing year, namely, the case of Burma. Press telegrams state that that Province's Budget for the coming year will result in a loss of 150 lakhs allowing for the reduction of 7 lakhs in the provincial contribution.

At the short time at our disposal since the Budget was presented, it has not been possible to study all the figures in detail, and personally I think that I, like many other Honourable Members, have only been able to consider the figures more particularly affecting my own province. Taking stock of the first four revenue producing accounts, namely, Customs, Taxes on Incomes, Salt and Opium, Burma with a population of approximately 4 per cent. of the whole of the population of India contributes:

- 15 per cent. of the Customs revenue,
- 9 per cent. of the revenue derived from Taxes on Incomes,
- 5 per cent. of the revenue from Salt

approximately, and in view of the statement made by the Honourable the Finance Member on the 27th of January last, the revenue derived from the sale of opium in Burma must be considerable. In addition to this, it is estimated that money order remittances from Burma to India amount to nearly 50 lakhs of rupees per month. This money, I would point out, is earned and remitted chiefly by Indian labourers in Burma, who are being fed by that country, and are practically tax free, and have surplus funds

to send to their homes, to be expended there. These remittances constitute a considerable drain on the money in circulation in Burma, to the benefit of India.

To return again to Customs, Burma, I submit, is differently situated to the other provinces in that all the imports and exports are either consumed or produced in the province. In addition to that there is the figure recently given to us by the Honourable the Commerce Member when we were dealing with the Land Customs Act in which he showed that a considerable amount of extra revenue was expected to be collected under that Act on the frontiers of Burma from the illicit importation of cigarettes, matches, etc.

Another matter in which Burma has suffered during the last year is her inclusion in the Steel Tariff Bill. This is extremely disadvantageous to my province but very beneficial to the central revenues and the steel companies, none of whom are conducting operations in Burma. I was given to understand that the Government of India were sympathetic with Burma's claim for exclusion but that sympathy does not at present show any sign of taking a material form. An Honourable Member in another place put in a question to elicit the information whether the extra duties on steel, imported under this measure, would be paid over to the Government of Burma, and to the question put, he received an emphatic reply in the negative. The province has now been given remission of provincial contribution to the tune of 7 lakhs of rupees, which is approximately the amount of these extra steel import duties collected in Burma since the Act came into force up to the end of last year. Turning to paragraph 14 of the Honourable the Finance Member's budget speech, we find he estimates that up to the end of this financial year the additional revenue will amount to a net one crore and ten lakhs. That being the case, why not let Burma have another three lakhs and call that the reduction of provincial contribution?

Now to deal with the rice export duty, amounting roughly to one crore of rupees. This all goes to the central revenues. I know that Bengal has a similar claim on the score of the jute export duty but they in the meantime must rest contented with being excluded, by being given a moratorium from provincial contribution.

The hide export duty, which is being gradually increased at the instance of Southern India, has had a most damaging effect on the trade in Burma. In fact, the trade has been practically strangled. The receipts from Burma on the hide export duty were, I think, of such an insignificant sum that they were looked upon as not worthy of consideration. Still, small as it is, Burma desires to be able to market hides, just like any of the other provinces. The stoppage of this trade has, I think I am right in saying, speaking from memory, deprived some forty thousand of the inhabitants of regular employment and means of livelihood.

Turning now to Salt, the Budget's Explanatory Memorandum states that the revenue derived under this head from Burma is chiefly duty on imported salt. This is a fact, and furthermore it is disgraceful, in view of the encouragement that was given to Burmans to expand their operations in salt boiling during the war. Now this encouragement has ceased and in consequence the salt industry is practically dead.

Other industries, such as Wolfram, were similarly treated, and as a result much capital and several sources of employment have become inoperative. Those in Burma who are affected by and take an interest in our provincial

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affairs will appreciate the Honourable the Finance Member's decision to reduce our contribution by seven lakhs and I am sure I can on behalf of my province tender my thanks to him. It is not much but every little helps. It is still far short of what will be required by Burma, in order to balance her budget for the coming year. Last year in replying to numerous Members during this discussion the Finance Member stated:

"But it is quite impossible in my judgment to contemplate reopening that Award until you have at any rate made a beginning with reduction of the provincial contributions."

Well, he has now a proposal to make provision for the reduction from the provincial contributions.

Keeping that in mind, I submit that Burma's financial position is now worthy of immediate consideration and, as I have already suggested, with reference to the Honourable the Finance Member's statement in paragraph 80 of his speech delivered this year, a suitable manner of disposing of the surplus 74 lakhs, reserved against misadventures or disappointments, would be to allocate it to Burma, as from present accounts she looks like being a very great disappointment in the coming year.

I also suggest that, if it is not found possible to cancel all the provincial contributions, Burma should be treated in the same manner as Bengal and be given a moratorium for a period of three years, or until such time as deficit budgets are things of the past.

Mr. Kasturbhai Lalbhai (Ahmedabad Millowners' Association: Indian Commerce): Sir, the installation of Sir Basil Blackett to the *gadi* of Finance Member marks a new era in the history of the finances of the Central Government in two important respects. First, the period of deficit budgets comes to an end and the era of surplus budgets with large amounts hidden here and there to keep up the taxation at its present high level begins. During the Simla Session in September, 1921, Sir Malcolm Hailey, the then Finance Member, observed:

"Let me tell the House that I have in my department men who, if I would allow them to do so, would be capable of putting up a budget which would easily defeat the scrutiny and defy the criticisms of the House. They could conceal among the innumerable items which go to make up one budget a liberal provision of reserves that the House would never detect and which would relieve one of the embarrassing necessity of having subsequently to produce demands for supplementary grants. But, Sir, this is not the spirit in which we frame our budget. We frame our budget with the deliberate intention of asking the country for only so much money as we really need to spend."

I wonder, Sir, whether those men are still in the Finance Department as they are very likely to be, using their knowledge and ability to defeat the scrutiny and defy the criticisms of this House.

In the forthcoming Finance Bill it is proposed to reduce the import and the excise duties on petrol which are at present levied at the rate of eight and a half annas and six annas, respectively, to four annas per gallon and it is estimated to bring in Rs. 60 lakhs, very much the same revenue that we have been getting from this source which is in the vicinity of Rs. 65 lakhs.

I submit, Sir, that this is more or less guess-work which may come true or which may not. But I put it to the Honourable the Finance Member that, when he can anticipate what is likely to be the import or the consumption of petrol and base his budget thereon, how is it that he has not

taken any credit for the advance made to the Persian Government amounting to Rs. 841 lakhs which has been written down in the account of the year 1923-24 and the repayment of which, the Financial Secretary in his memorandum expects "at an early date"? I take it, Sir, that the phrase "at an early date" does not imply anything else but during the current year.

The Honourable Sir Basil Blackett: Will the Honourable Member read the phrase he is referring to?

Mr. Kasturbhai Lalbhai: Yes, Sir.

"The book adjustment does not, as has been pointed out in the Finance Member's speech, affect India's claim to recover from the Persian Government the full amount of these loans and advances, and negotiations are proceeding with them for repayment at an early date."

The Honourable Sir Basil Blackett: That is not what the Honourable Member said.

Mr. Kasturbhai Lalbhai: Does not "at an early date" mean during the current year?

The Honourable Sir Basil Blackett: "Negotiations are proceeding." That is what is stated.

Mr. Kasturbhai Lalbhai: The House may have noticed that this is the third successive year, I mean the year 1925-26, of a surplus budget and still you do not find a word about the cotton excise which His Excellency Lord Hardinge so long ago as the year 1916 gave a pledge "to abolish as soon as financial considerations permitted". But I do not propose to deal with this subject to-day. What I want to point out to the House is that a system has been inaugurated since the past two years and continued during the current year of underestimating revenues and overestimating expenditure at the time of the presentation of the budget estimates so as to show little or no surplus or a small deficit, and when a large surplus is realised, at the end of the year, to utilise it in writing down Suspense Accounts or discount on loans, thus depriving the tax-payer of his due by remission of taxation.

Another point to which I want to draw the attention of the Finance Member is the accounting of the Opium receipts and expenditure. As many Members are aware, the expenditure in case of Opium is in the nature of a loan to the cultivators which is bound to be recovered this year or next. I wonder then, Sir, under which system of accounting these loans are written down as expenditure. The Opium transactions of the Government of India are as much commercial transactions as Railways and Posts and Telegraphs, and I trust that the Finance Member will see his way to present us the accounts under this head in a commercial form.

"Sir, it was not only uncharitable on the part of the Finance Member to have said that the exchange at 1s. 4d. will put more money into the pockets of millowners, but was also an unkind cut in view of the fact that he had not a word to say about the cotton excise duty. I need not try to refute such a futile argument as that advanced by the Finance Member, perhaps with a view to prejudice the Honourable Members against the Bombay millowners. If it be true, however, in the least degree, as suggested by the Honourable the Finance Member, it can only mean one thing

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and one thing alone—that the exchange is kept at 1s. 6d. so that the foreign imports of piece-goods may flood the country and undermine the great national industry.

I would like the Honourable Member to tell us whether it is a fact or not that the revenue from the cotton excise in the year 1924 has been largely supplemented by the collection of arrears of the previous year. To those of us who are in the trade it is well known that the revenue for the year 1924, from cotton excise represents 14 months' collections and not those of a year. When you further take into account the drop in the price of cotton piece-goods to the extent of about 15 per cent. due to the fall in the price of cotton and poor trade, it is difficult to believe how and wherefrom the Finance Member is going to get his Rs. 2,15 lakhs estimated for the year 1925-26. Even if the cotton excise were to continue, I do not see under these circumstances how it can yield more than Rs. 1,60 lakhs at the very most. The Honourable the Finance Member is alone expected to know the reasons for arriving at the figure of 2.15 crores from cotton excise.

I wish the Honourable the Finance Member had not deemed it necessary to refer to the export of Indian grey piece-goods, as it is little short of a misrepresentation of the export trade in textiles. His reference, however, compels me to give a few figures which will convince the House that not only are we losing ground in the Indian market, but our export trade is captured by Japan. While there has been an increase of about 2 million yards in export of grey piece-goods, the decrease in coloured and other varieties has been more than 11 million yards.

I would very much desire that Government Members at least refrain from making statements which they know are but partial truths.

Mr. M. V. Abhyankar (Nagpur Division: Non-Muhammadan): Sir, I stand to censure the Honourable the Finance Member, and not to congratulate him as many amongst us have done before. I stand here to censure him for his budget exploit, for really it is an exploit in another sense of the term, I mean the exploitation by Britain of India, and if the Honourable the Finance Member is a lover of truth, which I may safely presume him to be, he will more appreciate my censure than the praise of those amongst the Indian section of this House like the Honourable Mr. Naidu from Burma. Mr. Naidu was so gushing in his praise of the Honourable the Finance Member that had he been sitting next to him, he would have actually fallen on his neck. (Laughter). I assure the Honourable the Finance Member that if, by a magician's wand, to-day the Germans were to take the place of the British in this House, that praise would be still there just as much as it is with regard to him to-day. I further tell the Honourable the Finance Member that this voluminous Budget that he has presented us is not even worth the paper it is written upon, as this House will see if it were simply to view it from the national standpoint. They tell us that they have given us railways, they tell us that they have given us telegraphs, and on numerous occasions we have heard many a Member of this House—and I am sorry to say many an Indian Member of this House—praising them for all these railways, post offices and irrigation. Why? If we had been free for the last 150 years, do you mean us to understand that we would not have had all these railways and all these post

offices and telegraphs and all this irrigation? And would we have had them in the form in which we have them to-day? We would have them thoroughly Indianised. In fact, there would have been no question of Indianisation then. Not only that, we would have also produced all the material that is necessary for those railways. What is the good of having a railway or what is the good of having a post office if you have to go to a foreign country to purchase materials for them? Revenue spent in a country in which it is raised is a thing totally different from revenue raised in one country and spent in another. In the former case, it is returned to the country through the industrial and labouring classes, in the latter case it is a dead loss, it might as well be thrown into the sea; nothing better than that and in this country, Sir, it is not even thrown into the sea; but it is thrown far far across the seas even beyond the possibility of salvage. If you were to see the whole scheme of this Budget you will find nothing else but the enthronement of bureaucracy in the name of the people of India. India, Sir, to-day is being administered as an estate, not as a country. Then, Sir, we are told that we were given all these things by this benign Government. But what have they taken from us in return? They have taken the very life blood out of us, they have taken our nationality, they have taken our very manhood, they have emasculated us, they have denationalised us. If 150 years are not sufficient for you to turn us into a martial race assuming for the sake of argument that we were never one, although you knew it to your cost in times gone by, I do not think that even centuries and thousands of years will do for you to do that. It is no use your talking of self-government for India. It is no use your accepting the thing if you do not mean it; it is no use your accepting it unless you act upon it, and it is no use your acting upon it unless you act up to it. I want you to act up to the promises which I can very well say are nothing better than delusions and hollow promises to the people of this country. Then, Sir, the Honourable the Commerce Member told us the other day that these railways, telegraphs and post offices which are dealt with and of which so much is made in these Budgets are for our good. He further asked us what we would do if they were not there. I challenge him to stop the railways. I wish he stops the railways and then let him see what happens in this country immediately after he stops them. I wish he does that. Is it not necessary for you, while talking of railways, while asking us to spend for telegraphs, to do something that we may be able to produce the material that we want in order to supply these railways and these telegraphs? So many people in this House have talked of Indianisation of the army. But most of them have forgotten that we not only want Indianisation of the army, but we want also the production of rifles in this country. To-morrow if the army is Indianised they might again turn round and say that we are not yet fit for self-government because we are mere soldiers after all and what could we do without producing the rifles ourselves or without the rifles from England.

Mr. E. Burdon: May I explain to the Honourable Member that the rifles used in the army in India are made in India.

Mr. M. V. Abhyankar: If the rifle is made in India I should also like that the cannon, the howitzer and the aeroplane should be made in India. I should like the battleship to be manufactured in India. There is nothing to prevent you from doing that. Surely, Indian labour can do it. If we have not the brains enough to occupy the higher posts in the works you may do that for the time being, but let at least a beginning be made in

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this country to manufacture these things. To-day you want to give us things piecemeal. You will say, "If you have the army you haven't the arms." If we have the arms then you will say, "You have no aeroplanes." You want us to move in a vicious circle like a dog moving round to catch his tail. First you tell us "You have no national army and therefore you are not fit for self-government." Then you say that we cannot possibly have an army unless and until we have self-government. It is no use disguising the thing. Things act and react upon one another. Assuming for a moment that we have got to be thankful to the British administration and to the administration which prepares these budgets, for all these conveniences, for all these customs, for all this taxation, for all these departments that they are going to give us, or that are being given to us or rather thrust down our throats in this country—supposing we have got to be thankful to them for all that, what is it I say that they take in return from us for it? They take away our very freedom, our liberty. Take the latest thing, the Bengal Ordinance. Surely no Member in this House can quietly, safely, coolly, logically and rationally look at this Budget so long as that sword of the Ordinance is hanging over his head. What is that Ordinance? It is a thing which denies individual liberty at various points, and makes us suspects in our own country for nothing worse than loving it. It keeps the Criminal Investigation Department supreme. If anybody were to ask me if there is any authority superior to the C. I. D. of this country, I would have no hesitation in saying, "My dear fellow, it is not on this earth." If a man really wants to avoid the clutches of that Ordinance the best thing for him to do would be to go to the head of the C. I. Department and ask him, "Sir, what are precisely the ways of patriotism which you will tolerate? Which is the way I should proceed in this country so that I may be safe from the attentions of your Department?" And even that is not sufficient, if a man really wants in these days to keep himself out of jail. It will be he alone who takes no part in the public movements of the country, quietly pays his taxes, *salams* Government officials all round, retires to his house, says his prayers and goes to bed, who perhaps will be out of the clutches of this Ordinance and this peace and order.

If one were to turn to the heads of Demands in this Budget one might see the whole futility of it. I would only refer to some of them though I could refer to them all in the same category. This Sir, is the Executive Council. We are supposed to provide money for the Executive Council. This Executive Council is nothing better than the executing Council of this country. They are sitting there from day to day executing the people of this country. Then there are the Legislative Bodies which are nothing better than debating societies which are provided for children and they are called legislative bodies as if they had the power to pass any legislation. Then there is the Department of Education, Health and Lands. What is the industrial education, what is the naval education, what is the military education, what is the commercial education that budget after budget for the last 150 years has been providing for? And health—I do not think I need say anything about it. I should like to ask the Honourable Member in charge of Health to look back to the health of India 150 years before and to look at the health of India to-day, and he will find whether he sits there to be condemned or to be praised for the administration of his Department. Then there is the administration of justice. Courts which you ask to administer laws which are anything but laws, which are rank injustice, which are

anything but human—it is those laws that our courts are called upon to administer, and it is administration by these courts that is called the administration of justice. It is for administration of that justice that we are asked to provide money, for the iniquitous administration of the invidious Arms Acts that you are asked to provide money. Further, I find Mines—all these big heads Meteorology, Geological Survey, Botanical Survey, Zoological Survey, Archæology, Mines. For whom? You may have these surveys so that the foreigner may exploit India. These surveys are no good to the people of this country. How many mines are owned by Indians. How many mines are there whose produce has gone to the industries of this country to be manufactured into articles and to be returned back in a finished form to the people of this country? (*Mr. Darcy Lindsay*: "What mines?") All mines. What is done to the manganese mines that are in the Central Provinces? Where does all the raw material go? It goes to foreign lands carried by our own railways, to be brought back by the same railways in a finished form and India is exploited in this manner. (*Mr. Darcy Lindsay*: "Why don't you use it yourself?") You leave us alone and we will tell you how we will use it. You just give us a chance and we will show how we use it. We had been using it, we had been using the things in such a way that you had to tax the Indian muslin in England to an extent which I need not tell this House. We had been using our things. We had been using our raw materials and you very well know how we had been using them. Then there is Stationery and Printing. Take item by item. Where do all these printing machines come from? From England. I suppose that at the rate we are proceeding to-day for a thousand more years we shall have to look to England to supply us with printing machines. We may print things here but the printing machines we have to import from England. What is the provision made in this Budget, I should really request the Honourable Member for Finance to tell me, which deals with nationalisation, which enables the people to be masters in their own home and not dependent upon anybody else and to stand on their own legs?

The Honourable Sir Basil Blackett: The provision for building the Security Printing Press at Nasik.

Mr. M. V. Abhyankar: I can not hear you. Where does all the paper come from, where does the machinery come from and where do the dies come from for the last 150 years? Have you been teaching us all this? Have you been teaching us self-reliance? Have you been teaching us to have our national army or have you been scrupulously excluding us from it? If that is the way you want to proceed about the business, we cannot in self-respect at least concede your Demands for Grants which are nothing else but commands. There are people, I am sorry to say, amongst the Indians in this House who want us to look at the Budget rationally, logically. Rationally with whom? Logically with whom? I have not heard of freedom being won by logic, unless history were to be changed and India were to make history. They think that we are fighting a case in a court of justice where you have to convince the court about the logic of it. Our opponents have logic much more than we and they practise their logic. They do not simply talk as we do but act. In view of all this, I hope Members of this House will take a broader view of this affair, will take a national view of this affair, and when the right time comes will refuse the Demands rather than try to be logical with those who understand logic much more than we do. I would ask my countrymen to

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remember that there are fallacies in logic also and there is such a thing as a logical fallacy.

Maulvi Muhammad Yakub (Rohilkhand and Kumaon Divisions: Muhammadan Rural): Sir, I will be considered lacking in courtesy, if I did not join the Honourable Members in paying a tribute to the skill and vigilance of the Honourable the Finance Member, in preparing the Budget for the year 1925-26 and for the lucidity with which he has placed it before the House. In fact he made the dulllest subject of finance as interesting as poetry and in hearing his eloquent speech, on the evening of the 28th February for over an hour and a half, I believe there was none in the House who felt the slightest strain or discomfort.

However, I fear I cannot conscientiously congratulate this House or the country at large on the introduction of a surplus Budget when I find that this House, representing the people of the country, has only nominal power over the finances of the country and out of an expenditure of Rs. 130.44 crores, only a sum of a little over Rs. 25 crores, that is about 1/5th of the whole budgeted expenditure, is votable by this House, and the certification power of the Viceroy reduces even this voting power of the Assembly to a nullity. No wonder if the despair caused by such a hopeless state of affairs and the delay in carrying out the promises of giving the people of the country at least some responsibility in the management and the control of the affairs of their own land may result in creating the greatest dissatisfaction and the consequences that follow in its train.

In making a review of the Budget Statement of this year one cannot pass without recording a strong protest against the acceptance by the Government of India and the Secretary of State of the major portion of the Lee Commission's Report in the teeth of opposition from the Assembly, the provincial Councils and the public at large. An utter disregard of the popular feeling like this demonstrates beyond any doubt the total importance of the Reforms, enunciated by the Government of India Act of 1919, and a forecast of the majority report of the Reforms Inquiry Committee is considered to be in the direction of adding insult to injury.

The acceptance of the Lee Commission's Report has only this year added a sum of Rs. 45 lakhs to our already extravagant military expenditure, and an increase in the emoluments, allowances and the pensions of the Indian Civil Service must have cost more. It is really very disappointing that, although the embarrassment caused by the Great War, has disappeared and the aftermath of that violent arm has also subsided and India has resumed its normal conditions, still the Government maintain the same high level of taxation which they considered to be necessary just after the war. And if abnormal taxation is required to meet the expenditure of normal times, what would be the fate of the poor Indian if another war trumpet is blown? I simply shudder to think of the national bankruptcy of India. I maintain that it is not a justifiable course to maintain taxation during the time of peace at the same high level as it was after the time of the war. Such a continuance of a high level of taxation and such ceaseless additions to the burden of the suffering people is, probably, unprecedented in the annals of finance. During the past 11 years, the country has passed through a severe phase of agricultural and industrial depression, and yet it has been called upon to bear the same burden of high

taxes in order to satisfy the insatiable luxuries of the bureaucracy. The obligation to remit taxation in years of assured surpluses goes with the right to demand additional revenues from the people in the time of abnormal conditions and unless the super-tax, the increased tax on salt, the increased rates of the railway fares and the freight and the increased postal and telegraph rates, are not brought to the pre-war level, there can be no peace in India and the Honourable the Finance Member cannot claim to have given any relief to the country.

The fact that there is no peace in this country is fully demonstrated by the military budget before us. We find that in spite of the great inclination of His Excellency the Commander-in-Chief towards economy, for which he has been deservedly thanked by the Honourable the Finance Member, we are astounded to find that the military expenditure is budgeted at Rs. 60.26 crores, that is out of a total revenue of Rs. 133.68 crores, nearly half goes towards the maintenance of the army. Adding to these large sums of money, spent upon strategical railways and other works, connected with military purposes, the grand total of military expenditure would go much higher than 50 per cent. of the revenue of the country. Only the standing army of the country is responsible for an expenditure of 29.26 crores. I can hardly imagine that in time of peace, any country in the world would be allowed to spend more than half of its revenues on military expenditure. But, Sir, military predominance can never give peace to a country. You can hold India by the force of your machine-guns, aeroplanes, and fire-tanks, but you cannot give her peace and tranquillity by those means, which can only be achieved by a real change of heart, and a guarantee for complete self-government suitable to the conditions of the country. It has been repeatedly pointed out that Indianization of the Army is one of the most effective means of reducing the military expenses, and only a few days ago a Resolution was moved in this House by the Honourable Mr. Venkatapatiraju, to the effect that early steps be taken for starting a well-equipped military college to train Indians for the commissioned ranks in the Indian Army.

The object of this Resolution was the Indianization of the Army and consequently a material reduction in the military budget. But it is very disappointing that the Government could not see their way to accept the Resolution. This shows that the Government do not at all care for the popular feeling in the country and this shows that, although the Indians have given the strongest proof of their loyalty during the great war, still the Government do not trust the people of the country. The phenomenon is really heart-rending.

Sir, I do not wish to enter into the details of the Budget, as I said last year, that I did not claim to be an expert in finance. But there are some other points about which I wish to make a few observations. One of them is that in the matter of the reduction of the provincial contributions. My province, the United Provinces, has not received equitable treatment in this matter. We knew it very well that the United Provinces was the second unjustly treated province by the Meston Award and the financial position of the province, to-day, is so bad that the estimates for the year, 1925-26, show a deficit budget. Yet we find that our provincial contribution of 240 lakhs of rupees has been reduced only by 56 lakhs, that is to say a little more than $\frac{1}{4}$, while besides Bengal, which gets 63 lakhs, as the price for the introduction of the Ordinances and Regulations, Madras has been granted a reduction

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of 126 lakhs out of 348 lakhs, that is to say a little less than $\frac{1}{3}$, and the Punjab 61 lakhs out of 175 lakhs, which is also a little less than $\frac{1}{3}$ of the total contribution. For several years, the Government of the United Provinces has been undergoing severe financial embarrassments, new taxes have been levied, the stamp duty and the court-fees were enhanced two years ago, and the former of the two still continues at the enhanced rate. Education is suffering for want of funds and several other important schemes of vital importance to the province remain suspended. The civil court buildings in my native town, Moradabad, are inefficient, some of them highly uncomfortable. A scheme of new buildings was sanctioned several years ago, and estimates and plans were prepared, but it has not yet been found possible to provide money for this very urgent work. I take this opportunity of strongly pleading the cause of my province. I urge upon the Honourable the Finance Member to favourably consider the claim of further reduction in the contribution of the province at the time of preparing his budget for the year 1926-27.

I also note with great disappointment that grants to the two denominational universities of Benares and Aligarh were not included in the additional expenditure on beneficial services. I do not grudge the increment of grants to the Islamia College in Peshawar and other colleges in the North West Frontier Province; I am really very glad that this has been done, and I heartily congratulate my revered friend, the Honourable Nawab Sir Abdul Quaiyum, on the success of his efforts. I consider it highly necessary that the Government of India should spend more money for the promotion of our educational interests. But giving preference to it, the North West Frontier Province over the universities of Benares and Aligarh, which impart education to the students of all provinces in the country, instead of being confined to any particular province, shows that the Government become more readily inclined to satisfy those who are liable to resort to violence than those who put up their demands in a peaceful and respectful manner.

(At this stage Mr. President vacated the Chair, which was taken by Mr. Deputy President.)

I earnestly hope that the Honourable the Finance Member will see his way to meeting the claims of the two sister universities at the time of putting Supplementary Grants before the House.

Another useful department which has not received any justice at the hands of the Honourable the Finance Member is the Department of Archaeology. This department, the creation of which is the only redeeming feature of Lord Curzon's Viceroyalty in India, is the custodian of the ancient glory of this ancient land. It preserves and keeps intact the fine architecture of olden times and safeguards the precious monuments which command great respect not only of the people of India, but of the millions of visitors from foreign countries, who take long journeys simply in order to see these relics of the ancient civilization of India. I raised my voice last year in calling attention to the paucity of the funds at the disposal of this Department. I am extremely disappointed to find that even this year, when the Honourable the Finance Member claims to have the satisfaction of providing additional sums for research and other beneficial services, this most deserving department remains unprovided for.

The Honourable Sir Basil Blackett: Has the Honourable Member overlooked the fact that an increase of Rs. 3 lakhs has been provided?

Maulvi Muhammad Yakub: That is very little. It is not at all sufficient for the ordinary repairs to the old monuments. It really speaks volumes against the unvarnished characters of British rule in India to find that a paltry amount of Rs. 16 lakhs is budgeted for Archæology, most of which goes in the salaries of the highly paid European officers. Having my faith in the family motto of the Honourable the Finance Member, I also hope that next year he will pay more attention to the importance and needs of this greatly neglected department.

I also feel very much disturbed to find that the excise duty on cotton has not been still abolished in spite of the clear demand of the representatives of the country embodied in a Resolution passed by this Assembly in September last.

I have said my say, Sir, and now it only remains for me to conclude my observations with the remarks that we are aiming at nothing revolutionary, our programme does not include even to paralyze the Government by the constitutional method of obstruction.

Pandit Motilal Nehru: Who is the "we"?

Maulvi Muhammad Yakub: I mean the Independents; not the Swarajists. All we are immediately asking for is only an instalment in the direction of responsible self-government. The time is more than ripe for such an instalment being conceded. If that is also denied, the responsibility of the results that may follow will be upon the Government and not upon us. I appeal to the Government to realise the great responsibility that rests upon them in the matter. Already the difficulties have been greatly aggravated and unless radical remedies are applied at once, everything might be too late.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, last year in my budget speech I ventured to congratulate my Honourable friend Sir Basil Blackett on having succeeded after all in bringing order out of the financial chaos of the Government of India and for having succeeded in inaugurating an era of surpluses. But on looking through the accounts of the year 1923-24, as finally closed and presented to us, I find that his treatment of the finances of that year was evidently due to the over-nervousness of a new-comer in the Government. He foreshadowed a deficit of four or five crores of rupees in the Budget of the year 1923-24 and advised His Excellency the Viceroy to take the extraordinary step of certifying the salt tax in opposition to the considered opinion of eminent Indian non-officials that such an enhancement was not necessary in the then financial state of the country. But we now find that the accounts as disclosed have proved that his critics were right and he was absolutely wrong in his estimate of the financial position of that year. As has been pointed out by my Honourable friend Sir Purshotamdas Thakurdas the real surplus for the year 1923-24 is much greater than what the Honourable the Finance Member calls the realised surplus. Though it is shown in the Budget that the realised surplus of the year 1923-24 is 2.39 crores, the real surplus is 6.62 crores. For in the revenue of the year he has written off 82 lakhs being discount charges on the 1923 loan, and 3.41 crores being the advance given to the Persian

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Government, which advance will be recovered in course of time. Sir, in his last budget speech dealing with the discounts at which loans are issued my Honourable friend has observed in paragraph 28:

"Of the total on the 31st March 1924 11.88 crores are due to the discount at which some of the loans were issued. This liability is treated as an interest charge under our system of book-keeping and is being extinguished by annual appropriations from revenue within the period of each loan."

Now, Sir, may I ask what is it that has led him to deviate from that healthy practice, that proper practice and write off in the revenue of 1923-24 the discount of 82 lakhs of rupees on the loans issued in the course of that year. Evidently my Honourable friend felt that it was not proper to show a big surplus, and he thought it was prudent to write off from the current revenue of that year as much as possible. I cannot explain on any other basis the reason for his having written off the 3.41 crores of rupees advanced to the Persian Government. He justifies this method of accounting and dealing with advances by the practice which obtains in the British Treasury. I do not pretend to know what is the practice which obtains in the British Treasury. Perhaps the British Exchequer with a budget of a thousand million pounds might treat such advances lightly and afford to write them off from current revenues; but I for one, applying a true canon of finance, would certainly condemn such a practice whether that practice is being adopted by the British Treasury or by the Government of India. Last year we cried ourselves hoarse that some relief might be given to the provinces. Some of us suggested specific means and others suggested that, if only that huge reservoir of military expenditure could be tapped a little, some amount of relief might be given to the provinces. No heed was given to our cries. We were told that the finances of the Central Government had not reached a position which would warrant the Government of India giving relief to the provinces then. But what do we find in the Budget? Sir, we find a realised surplus of nearly 4 crores of rupees leaving aside the windfall of 2 crores. This 4 crores is mainly accounted for by a saving of nearly 392 lakhs of rupees from military expenditure. If only the Honourable the Finance Member had scrutinised the military expenditure last year with that amount of care with which he seems to have scrutinised it this year, surely he might have induced His Excellency the Commander-in-Chief to effect this economy and given the much needed relief to the provinces. My Honourable friend said that a surplus budget is an embarrassing budget for the Finance Member; but, Sir, what is the meaning of a surplus budget? It means that the Government have taken from the tax-payer more money than is really necessary for the expenses of the State. I hope my Honourable friend has heard of a book called *Arta Shastra*, one of the ancient treatises on political science. There is a chapter in it devoted to "the duties of the Finance Minister of the King", and the author says that if the Finance Minister of the King collects from the people more revenue than is necessary for the purposes of the State he must be punished by having his nose cut off. I would ask my Honourable friend to realise what would have been his position if he had lived in the days of Chanakya.

The injustice done to the tax-payer in getting a greater amount for the State than is absolutely necessary is enhanced by the way in which the current revenues are being dealt with. Sir, the other day on the Resolution of my Honourable friend Mr. Jamnadas Mehta about the provision

made for the amortization of the public debt we had a very full discussion on the matter and I do not propose to go at this stage into the details of the scheme. Sir, the position taken up by the Honourable the Finance Member in providing very nearly 5 crores of rupees as a sinking fund really comes to this, that in his opinion the Government of India have reached their maximum capacity for borrowing in the market, and therefore he says that we ought to finance a part at least of our capital programme from current revenues. And when I asked him the other day whether he seriously meant to suggest that the credit of the Government of India was low in the financial world he said "Yes". But I would refer him only to the statement he himself made last year in his budget speech. In paragraph 24 he says:

"The improvement in our position is happily reflected in the improved market prices of all our rupee securities";

and then he goes on to give the exact position of the rupee securities of the Government of India in the money market. I ask him, Sir, does that show that the credit of the Government of India has suffered in the money market? (*The Honourable Sir Basil Blackett*: "Does it show that it cannot be further improved?") But it can be further improved if you wipe off all your debts; therefore why not repudiate all your debts or impose a capital levy? Is that a way to improve your credit? (*The Honourable Sir Basil Blackett*: "No, it is not!") As one of the great financiers has said,—sinking fund really comes out of a surplus and you cannot have a surplus when there are other more pressing demands on the revenues of the country. I am afraid, Sir, that the debt position of the Government of India, as disclosed to us in the budget speech and as presented in the accounts of the Government of India, is absolutely misleading. We are told that the Government of India have got liabilities to the extent of nearly 1,000 crores of rupees. Certainly the figure is a staggering one; and we are asked by the Honourable the Finance Member, "Is it extravagance to provide 4 or 5 crores towards our sinking fund to amortise this huge debt of 1,000 crores?" But if the position as regards the debt of India is to be realised in its true perspective, you must separate from your debt account that portion of your debt which is invested in productive enterprises, and that portion of your debt which has been lent to the provinces. In this connection I heartily welcome the proposal of the Honourable the Finance Member to have a special Provincial Loans Fund Account and also the proposal which he has foreshadowed in the Budget to institute a special fund to provide for the railway debt. I heartily welcome that proposal, because if that is done then we shall have a true perspective of the debt position of India.

There are very many ways of estimating the burden of debt of a country upon the tax-payer. One of the best means in my opinion is to find out how much exactly the tax-payer pays towards the interest charges on the debt. During the discussion on debt redemption, the Honourable the Finance Member said that excluding the interest from the Gold Standard Reserve and the Paper Currency Reserve, the net amount of interest paid by the Indian tax-payer on the debt of the country in the year 1924-25 was Rs. 7½ crores. Well, Sir, I have analysed the figures for 1925-26 and this is what I find. The total interest both on the funded and unfunded debt is 42.84 crores—I am giving round figures. We are getting from our productive enterprises 29.17 crores; from the Gold Standard Reserve and from cash balances and other miscellaneous sources

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we are getting 3.60 crores; and from the railways we are getting a net contribution of 5.24 crores; so that 38.01 crores have to be deducted from the gross interest that we pay, and that leaves a balance of 4.83 crores of rupees. That is really the interest the tax-payer in India is paying on the debt of the country, and I ask, Sir, is it necessary to provide for a debt which pays 4.83 crores of rupees as interest a sinking fund of very nearly 5 crores? Is that what you would call sound finance? If the interest that the tax-payer pays for the debt is calculated say at 5 per cent. the capital value comes to under 100 crores, and that I contend is the real debt position of the country. If that view is correct, the provision of 5 crores this year towards the sinking fund cannot in the least be justified. As I ventured to state on another occasion, it is tantamount to committing a raid upon the revenues of the country when there are really a great many claimants upon any surplus that may accrue in the year.

Sir, it used to be said once that the finance of the Government of India was a gamble in rains and railways. By effecting the separation of the Railway Budget from the General Budget of the country, we have succeeded in eliminating the element of gamble in railways, and thereby to a very large extent the element of gamble in rains also. But, unfortunately, when the two gambling elements have disappeared, my Honourable friend, Sir Basil Blackett, is introducing a third element, that is the gamble in exchange. The whole Budget is based upon the assumption that the exchange is going to be at 18*d.* and if the exchange goes down, this fine house of cards crumbles to pieces. All his calculations will prove futile, and his so-called surplus budget will turn out to be a very great deficit budget. Some one said that prophesying is the most fruitful method of immortalising one's reputation. But my Honourable friend the Finance Member is evidently trying to build his reputation upon the prophecies that he makes. Not only does he make a prophecy, but he ventures to act upon his own prophecies. Fortunately for him his prophecy had proved true last year and his calculations have not gone in vain. But I am afraid, Sir, that so long as this element of what I call a gamble in exchange is continued in the Budget, I do not venture to call this budget a sound budget. The only remedy is to keep the currency of India on a gold standard. When we talk of a gold standard, the Finance Member speaks as the Delphic Oracle. He does not give us to understand whether he is really opposed to the gold standard or whether he is enamoured of a gold exchange standard. Sir, in discussing the question of exchange, my Honourable friend has attempted by an elaborate argument to refute what he calls the common fallacy that a high exchange rate operates detrimentally to the exporter and to the advantage of the importer. His own argument in refuting this fallacy, which he says is based upon a half-truth, is based upon two other half-truths and upon the simple refutation of the charge levelled against the Government of India that the finances and currency of the country are not managed in the interests of India as one would like. Well, Sir, I do not propose to level any charges at the Government of India in their financial policy or currency policy. But I ask, when you read the history of the period when you ventured to tie the rupee to a 2*s.* sterling, when it was not even 1*s.* 4*d.* gold, accompanied by your Reverse Councils, is it any wonder that the people of India begin to question whether after all you are managing the currency of the country

in the interests of the Indian tax-payer? Is it any wonder that doubts are being entertained of your *bona fides*?

I said, Sir, that the Honourable the Finance Member was trying to prove his case by the statement of two half-truths, one of which is this: "a rise in the rupee price of exported goods is balanced by a corresponding reduction in the number of rupees required by India in paying for the things which she has imported in exchange; in other words the producer's rupees have gone further than they would otherwise have gone." Well, Sir, this is as much a half-truth as the other half-truth which he tries to refute. The only answer to this argument would be an analysis of the figures which my Honourable friend, Sir Purshotamdas Thakurdas has laid on the table. Does the Indian producer consume as much of the imported articles as would give to him the advantage, or rather counter-balance the disadvantage, that comes on a rise in the exchange? Well, Sir, so far as we know, imported articles are not consumed by the producer of Indian articles to such an extent as would give him this advantage. The second half-truth is this. He says, "to a very large extent the producer in India is also the consumer of his own produce, and it is obvious that in so far as this is the case he is unaffected by a rise or fall in the price of what he produces." Well, Sir, if this were really true, then I am afraid we are living, not in the 20th century India, but perhaps in the 12th or 13th century India, when people could get everything that they wanted in the village itself. But surely my Honourable friend does not mean to seriously suggest that the producer in India being the consumer of his own produce is not very much affected by the price of what he produces. Sir, in another passage in his speech he speaks of the necessity of the importance of stability of exchange and stability of prices. I say "Amen"; but we on this side of the House at least are convinced that that stability in exchange and prices cannot be brought about so long as you have got a managed currency in this country. If nothing else can be said about the gold exchange standard, it must at least be conceded that it is an insanitary currency, and the sooner you place your currency on a sanitary basis the better it would be not merely for yourself but for the country at large. As I said, when we talk about the gold standard my Honourable friend talks like the Delphic Oracle; he does not really tell us whether he is in favour of a gold standard or whether he is really opposed to it, or whether he believes in the gold exchange standard. If he has got any doubts about the benefits and the advantage of a gold standard, I would refer him to the opinion of the two experts appointed by the South African Government to inquire into the currency system of South Africa, who have come to the conclusion that the only safe currency for South Africa was on a gold standard. Speaking of the chief advantages of the gold standard currency they say:

"The chief advantages of adopting the gold standard are:

- (1) Greater stability in purchasing power, both internal and external.
- (2) Greater stability in interest rates, and a lower level of real interest rates.
- (3) Stability of exchange with gold standard countries, which are continually increasing in number, and which, in many cases, determine the ultimate price of South African exports.
- (4) Greater confidence in South Africa abroad, which will encourage investment of foreign capital; greater confidence of labour; more convenient and more sanitary currency."

Mr. Deputy President: Order, order. The Honourable Member must bring his remarks to a close as his time is up.

Mr. Shanmukham Chetty: Yes, Sir, I will just finish with this one sentence. I believe that the Honourable the Finance Member would do a great service to India if he succeeds in placing our currency on a stable and scientific basis.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, the Honourable the Finance Member while he was delivering his eloquent speech on Saturday evening, with one idea went on constantly hammering on my head that the Honourable the Finance Member and the autocratic Government of India can raise revenues to the tune of 130 crores and spend it in any way they like without being responsible to the people of India! Out of these 130 crores 56 crores go to the military department, to maintain an impressed army on a war basis. India is bled white by this heavy military burden. Nearly 40 crores go to pay for the repayment of debts, annuities and Home charges. Now these debts were incurred not only by the present Government, but they were incurred by the acts of discretions and indiscretions of the former Governments of India, who have never been responsible to the people of India. Another portion of it, nearly 20 crores, go to maintain a bureaucratic Government, a top-heavy bureaucratic Government, which the representatives of the people of India do not want. Very little of it, if any, goes towards the public welfare departments such as Education, Industries and Public Health. Very little, if at all, goes towards the civic welfare departments. Now, Sir, what is the use of discussing this Budget? The money is collected by the Government of India by the Finance Bill. If we throw out the Budget, then it can be certified by the Viceroy, and the money can be collected and is collected to incur this huge expenditure. If the policy of this Government is to spend our money in any way they like, let us examine their policy and principles of Government and see whether that policy tends to improve the welfare of the people.

During the past 18 months we have been dinning into the ears of this Government that we want fresh reforms, we want more real representation in this Government, but the Government have lent a deaf ear to us. They thrust on us the Reforms Inquiry Committee, and they know that during the budget discussion we will bring up this very question again, and so we are told that on the 9th of this month the report of the Reforms Inquiry Committee will be published, and probably just at the close of the session a day will be allowed to the House to discuss the subject. So much for the good intention of this Government towards the legitimate aspirations of the people of India. Then let us examine minor policies by which this bureaucratic Government can safely do something for the betterment of the people of this country if they have a mind. Let me take one very minor subject. That comes under the purview of the Home Department. I speak of women franchise. There has been a Governor in Bengal who had insulted the womanhood of India, and although we asked questions on this very subject, we were ruled out in this House and were not allowed to raise the question. But the other day on the floor of this House we found an official Member of Bengal defended the Governor of Bengal about that very insult to the womanhood of India. Had there been any representative of the women of India in this Assembly or in the Provincial Legislature, they would have taken steps to defend their honour. But if the men of India are clamouring for more franchise, for greater representation, the women of India are equally anxious and eager to have their representation in these legislative

bodies. Why do you wish that the electoral system in this country shall follow the sequence of development of the electoral system that prevails in England? Why do you wish the women of this country may be kept down for centuries together as was the practice in your country? Do you wish Indian women to imitate your suffragists? Do you want Indian women to take hammers in their hands and break down the doors of Sir Alexander Muddiman to grant franchise to the women of India? And no wonder this point has never been considered? We have asked questions repeatedly in this House and we have been told that it is a matter for the Provincial Government. The Provincial Governments can allow women to vote at the time of elections to legislative bodies, but unless the Government of India can alter the rules, no woman of India can stand for election to any legislative bodies. This is an entirely domestic matter which can be easily settled by this Government if they are really anxious to do something for the womanhood of India.

While the taxation at present is being maintained at war level, and my friend Mr. Yakub has already alluded to it, and asked what would the Finance Member do in case another war should break out? While he will maintain the taxation at war level, and the Army expenditure on a war basis the only resource he can fall back on is that he will increase our unproductive debt, and that is a very easy way to increase the debt of India.

I join whole heartedly with those who complain that this Government have taken no steps to do away with that iniquitous and scandalous taxation; I mean the cotton excise duty. This poll-tax is humiliating to the manhood of India, and this taxation must go. If this Government are bankrupt in statesmanship in meeting the legitimate demands of the people of India, in the advancement of reforms, and in their demand for self-government, they are much more bankrupt in statesmanship in their policy of taxation. Their policy is to wait and see and to take all the money they can get hold of and spend it, and not to allow even a moiety to the people for their betterment and prosperity. This Government appointed several Committees and Commissions for the welfare of the people of India. There was a Committee on the Indian Mercantile Marine. It recommended certain beneficial measures for the people of India, but the Government have cleverly shelved it. They have no time to consider the Report of that Committee which goes to improve the trade and prosperity of the country, but when recommendations like that of the Lee Commission are put forward Government are ever ready to give effect to them even at the point of the bayonet and in spite of the strongest opposition from the representatives of the people. The policy of the Government is to shelve whatever is good for the people of India, but whatever is good to strengthen the hands of the bureaucracy is at once given effect to.

I must now come to my own province of Bihar and Orissa which this Government have neglected for the last 12 or 13 years constantly and invariably. When my province was separated, when the Bihar and Orissa province was created, Lord Hardinge's Government said that Orissa was joined with Bihar in order to provide a seaport to the new province of Bihar and Orissa. I asked my friend Sir Charles Innes why was it that the principles underlying the creation of the Province of Bihar and Orissa, as was set down in the famous Government despatch of August 25th of 1911, had been ignored and Sir Charles twitted me saying that Orissa was added simply to provide Bihar with sea coasts—as if to provide sea baths for the people of

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Bihar. If that was the object of Lord Hardinge in taking Orissa from Bengal, it would have been better for us, Oriyas, to have remained with Bengal. Of course Sir Charles Innes with his old love for Madras,—he has spent the best portion of his life in Madras—naturally would like to see Vizagapatam and Cochin Harbours developed, he would like to see the railways built to Vizagapatam, but he will not benefit my province. It may be the Government of India may say that it is a provincial subject. But everybody knows the Bihar and Orissa Government is a very poor Government. It has no finance. It cannot develop any port or harbour unless the Government of India finance it or help it. The Government of India since their translation from Calcutta to Delhi have done away with their responsibility for Bihar and Orissa. My friend Mr. Burdon told me he cannot spare even a small vessel to survey the port of the Orissa coast. Well, what does it matter? Mr. Burdon is in charge of the Army Department and also the Marine Department. What does it matter if Bihar and Orissa is not developed? All its industrial, its mining and forest and other products are taken by the railways to Calcutta to enrich the people of Calcutta and also the port of Calcutta. If we are a poor people it is due to the utter neglect of the Government of India, and Bihar and Orissa remains poor through the utter neglect of the Government of India through their not providing facilities for railways and even internal navigation.

Coming to the question of internal navigation, I maintain that every civilised Government must develop its inland navigation for trade reasons. This Government spend hundreds of crores on railways but spend very little on navigation. Where there is no inland navigation there is no proper development of internal trade. Of course, Government developed these railways not for the development of trade and commerce, but for the transport facilities of the military. Rivers and canals are seldom utilised for the transport of the army. But if this Government want to justify their claim to be a civilised Government, they must consider these civilising systems, and those principles of good government which go not only to enrich the Government but simultaneously enrich the people and add to their contentment and prosperity.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, we must all feel satisfaction, each in his own way, that the financial position of the country is being cleared up. This does not mean that all the wounds and scars on the body financial inflicted in recent years have been healed. Our vitals are still aching under the pressure of the old heavy deficits, reckless loans and self-inflicted losses. But we, at any rate, now know definitely where we stand and what we have got to do to completely rehabilitate ourselves. In many things, which may be called the salient features of the financial statement laid before us on Saturday last,—in many things a spirit of reform is clearly discernible. The separation of the Railway Budget has been followed up by an attempt to put certain departments of administration on a commercial basis. Certain improvements also are well marked in the form in which the Budget is presented. But there is scope for further reforms not only in the same line but also in other lines. For preference I would mention the reform of changing the financial year from the first of April to the 1st of January so that the financial year and the calendar year will be coterminous and co-extensive. The Budget in that case will have to be presented on the 1st of December. The House is perhaps aware that the Chamberlain

Commission on Indian Finance and Currency had actually suggested this reform. But it was apparently shelved simply because the conservative impulse of Provincial Governments proved too strong for the change. The Commission says:

“Under present arrangement, the Indian Budget is presented before the end of March, and the Finance Minister has to prepare his estimates in ignorance of the most important factor on which the results of the year will depend.”

Lord Meston, once Finance Minister of India, gave it as his testimony before the Commission that if the financial year be changed as suggested, the Finance Minister will be able to have before him a full and complete account of the rains and to give a slightly better and slightly stronger estimate than under the present conditions. The notorious gamble in rain will then be no more. The Commission was of opinion that the present dates for preparing and presenting the Budget were almost the most inconvenient possible. The Commission of course expected that some slight administrative difficulties could be pleaded against the reform in practice; but the change (the Commission was strongly of opinion) would be a great improvement. The question of shortening the interval between the time of the preparation of the Budget and the time of its actual execution also has its own importance. The Finance Minister, I think, will himself like the arrangement more than anybody else as securing greater accuracy to his estimates.

It is a matter of satisfaction that the Postal Department is found to be not quite a losing business. But I have my own doubts as to whether the financial aspect of the Postal Department may not shine brighter, if a closer scrutiny were made of the commercial character of its operations, and of the capital charged to it. It would be interesting to know whether the Postal Department has been dealt with in exactly the same manner and on the same principles as the Railway Department for the purpose of determining its commercial character and calculating the capital to be charged to it. Happily there is no proposal this year to increase the salt duty. The duty in fact deserves to be still more reduced, though for obvious reasons the advocates of that reform have for the present to rest on their oars. Many people in the country are convinced that salt need not be a State monopoly. They think at any rate that the poorer classes and the agricultural cattle do not get that amount of salt which is essential for their health and also as a preventive against certain kinds of diseases. It is obviously unnatural that with such a big sea-board as India possesses there should be so few centres of salt manufacture.

About opium revenue Government had better now begin to make up their mind that the eventual total loss of this revenue is a foregone conclusion. Personally, I think the liquor habit in India is as harmful as the opium habit. And as charity should begin at home, we must take steps to make India dry before showing solicitude for the opium eater or opium smoker in foreign countries with which we have nothing to do. But after all there is no choice between one kind of tainted revenue and another. Also India must recognise that she has everything to gain by attuning herself to the pitch of the moral consciousness which the League of Nations has displayed in this matter.

The Chancellor of the British Exchequer, it is said, indulges in many little jokes and makes one serious peroration when he makes his annual budget speech. Sir Basil Blackett has just reversed this practice. He

[Mr. N. C. Kelkar.]

has entered into many serious disquisitions, but has allowed himself only one financial joke, and that is about the surplus. The Finance Member affects to be embarrassed by the surplus. So was Alla Uddin of the Arabian Nights when he rubbed the magic lamp and did not know what orders to give to the meek obedient giant that appeared before him as his bondman. Now, a deficit may, even like the virtues of poverty, prove a source of superior and enlightened delight to a Finance Minister, in whose making stoic philosophy may have entered more than sound finance. But of these virtues India has quite enough and to spare already. She may now well be excused if, for a change, she craves for the vices of plenty, though it may incidentally cause some embarrassment to the Finance Minister personally. There are embarrassments and embarrassments, and those who can realise the difference between the embarrassment of a deficit will gladly go forward to share the Finance Minister's embarrassment with him on surpluses. Only let him not be a misanthrope and hate human company. Indeed, we think the Finance Member has really even greater cause for embarrassment than he himself believes. It must be certainly twice as embarrassing to dispose of a surplus of nearly 8 crores than a surplus of four crores, and I think the Honourable Member only underestimates his troubles. For the four crores which he has set apart for redemption and avoidance of debt is a real surplus in the sense of being a net excess of revenue over expenditure. And he will come to know in the course of the debate on the budgetary demands that the House is far from being content to divert such a big sum in the name of debt redemption. Not only a large useful amount but also a great principle is here at stake, and the right or wrong of the situation must be earnestly fought out. The Finance Member has argued that the setting apart of four crores of rupees in the name of debt redemption not only reduces the amount that we have to borrow, but also gives confidence to our intending and our possible creditors, in the security for the debts they would give, and thereby serves to keep down the rate of interest on new loans. But I think the House will like to differ from that view. There is, I think, no fear of our real credit being at stake. The Indian Government are still fully solvent notwithstanding their recent escapades and extravagances. Further intending creditors of the Government of India would be shrewd enough to perceive that the British Exchequer may be regarded as a second line of defence at the back of the Indian Government. If Parliament is responsible for the administration of India, it must also be responsible for its debts. It would certainly be an interesting law-point whether the Parliament could not be held ultimately responsible for the debts of the Indian Government. For all the revenues of India legally vest in the Secretary of State for India and all the expenditure incurred by the Government of India is sanctioned by him. The Indian Government perform the functions of a mere agent in all their financial transactions. But even if we may suppose that the rights of the creditors cannot go beyond the revenues and the assets of India as being the only specific security given for the debts, the sheer banking instincts of England will not forsake her in an hour of crisis. They will tell her that the Indian Empire is quite cheap for the debts she may have to take upon herself and to liquidate. Moreover, it is simply unthinkable that a civilized Government like that of England may ever repudiate India's debts. My point is that there is no fear of India having lost her credit in the eyes of her existing or future creditors. Under normal conditions, the Government can get loans at a cheap rate of interest,

and if things seemed to have altered in recent years, Government have to thank themselves for the situation. Their own schemes of extravagance, their own reckless and costly undertakings made them go in for loans at any price, so that it was Government themselves who, as it were, forced the rate of interest against themselves in the money market. Their break-neck haste in realising their constructive genius for putting the house in order was the cause of the abnormal rate of interest rather than an inherent perversity of the money market. Government must of course pay the penalty of their folly, but I cannot admit that the confidence of the creditors of India has been really shaken in any way.

Well, what the Finance Minister has said in his statement under the heading of loans funds will be greatly appreciated by all men of affairs. After all, all loans, for whatever party or purpose they may be raised in India, must come out of a common reserve of national saving, viewing India as one whole nation. But it is certainly a most convenient and businesslike arrangement to create separate loans funds. It is an advantage for all concerned to be able to think in financial detachment. The separation of the Railway Budget will easily lead to the establishment of a separate loans fund for the Railways, though of course Government will have to do the necessary administrative arrangement. But the principle and practice can be usefully extended to the loans funds not only for Provincial Governments but local self-governing bodies also.

The increase in the salaries and allowances of the Civil Services appears in the Budget and will not fail to be resented by the House in view of the Resolution passed by it last year. The great services made a great fuss by threatening to resign and prematurely retire on pension. But it was merely a theatrical gesture. It was designed only to frighten the Secretary of State into greater concessions and the trick, as we now see, has been highly successful. The sagacious rats were expected to leave the sinking ship of State in India as if it was going to be wrecked on the rock of Reforms. But soon they thought better of the situation. They discovered that the ship is fully as seaworthy after as before the Reforms, and the thought of an averted danger has only added to the plenty of the crumbs swept from a festive dinner table.

The Finance Member has not been just and equitable in the distribution of the surplus among the different claimants to it. I fail to see why no relief at all has been given to Bombay in the matter of provincial contributions. The Budget of my province has shown a deficit for this year, and even such slight relief as Bombay would have received might have been very opportune. It is somewhat incongruous that when the Indian Finance Member feels embarrassment as to how to dispose of his surplus, the Bombay Finance Member should have to raise money by new taxation to make up his deficit. This may be regarded as another instance of the grudge which some people believe Sir Basil Blackett rightly or wrongly entertains against Bombay and her people.

Then, again, there is the rightful claim of the cotton excise duty for relief. There can be no mistake as to what this House feels in the matter. It has already passed a Resolution in favour of the abolition of those duties, and it will naturally feel slighted if the Finance Member shows scant courtesy to its deliberate and well-considered decision. I am one of those who have many a grudge to square up with the average millowner, for

[Mr. N. C. Kelkar.]

I hate the commission agency system, I hate the inequitable agency contracts which bind shareholders, and I hate the callous indifference which he shows to the interests of labour. But we are all opposed to the excise duty not because we love the millowner, but because we want to knock down the odious principle which underlies the excise duty. We can take other cudgels to beat the millowner with, and bring him to the path of duty and righteousness.

Lastly, I will deal with one part of the Finance Member's argument on the subject of Exchange and Currency. I see that the appointment of a Currency Committee is coming within a few months. It may perhaps come with the Finance Member himself when he comes back from Home from leave which I hear he is taking from next month. Better late however than never. In the matter of the appointment of committees of inquiry, Government always betray the paternal perversity which says to the children: "Jam yesterday. Jam to-morrow. No Jam to-day" Committees will certainly be appointed, but precisely not at the moment when public opinion will demand them. Government must, it appears, always negative the popular demand, like the autocrat of the breakfast table, just only to assert their prestige and authority. If wisdom were conceded to leaders of public opinion, would it not be an argument for surrender of authority and accepting responsibility!

I do not wish to go into the vexed question of the relation between prices and exchange. I shall be content only to say this that I regard the Finance Member's whole argument in this matter as an apt illustration of the saying that paradox is the most convenient cloak to cover the sins of heresy. I will deal only with the advice given by the Finance Member to the people of India to give up their suspicions about the Government policy in regard to currency and exchange. He evidently attributes prejudice to non-official critics, when they betray the suspicion that this policy of Government may be influenced by a consideration of interests other than those of India. The Finance Member, it should be observed, however, does not even distantly suspect that the official mind also may have a bias in its administrative operations. I only wonder that such naïvete should be found combined with such profound worldly wisdom as we see in the present Finance Member. In the first place, the suspicion of the Indian people has been only very recently proved by certain facts which even the Finance Member has to admit about the disastrous blunders committed by his predecessor. But he would call them only errors of judgment or only matters of historical importance. Only a cynic can thus mildly characterise the withering blight of Haileyism. Have reverse Councils merely a historical importance for us when we are actually suffering in such a distressing manner from the dire consequences of the wanton liquidation of our financial resources abroad? Surely, we cannot afford to think of Sir Basil Blackett's predecessor with the same equanimity or detachment of mind as when we read the account of Nero fiddling when Rome was burning or the account of the massacre of the innocents. Our present financial helplessness and Government's imprudence are vitally connected like the Siamese twins. I can cite the testimony of others, who at any rate, cannot be charged with prejudice. Thus, Mr. Moreton Frewen said in his lecture on the problem of exchange in 1921 that but for the Reverse Councils liquidating India's resources in London.

the drain on England's gold and money power would have been too enormous to bear. So also Major Grogan stated in a letter to the *London Times* in 1920:

"There was no other explanation for their amazing action except on one of the following theories, namely:

- (1) A plot to whitewash the Indian Government.
- (2) Political influence leading to a premeditated policy of assisting Manchester and Dundee exports by imposing a burden equivalent to 100 per cent. sterling Excise on their competitors in India.
- (3) Financial influence leading to a premeditated policy of sweeping every Indian debtor into the maw of the British Banking Trust.
- (4) Subservience to some factor desperately interested in the maintenance of the high value of silver.
- (5) An organised attempt of the Indian bureaucracy surreptitiously to multiply its salaries and pensions.
- (5) All-round general nescience on the part of the responsible authorities."

Mr. Deputy President: I am afraid the Honourable Member has reached his time limit.

Mr. N. C. Kelkar: Very well, Sir. The *Times of India* cannot certainly be regarded as a pro-Indian journal and yet see what it says in one of its articles in this matter when exchange was raised to two shillings by Statute. As time however, is short I will not read that long extract to the House. I will conclude my remarks only with the expression of the hope that the Finance Member will not hereafter try to convince this House or the Indian people by heretical paradoxes or by manipulated statistics which he himself once said do not prove anything. We do want the Government of India really to look at and feel about Indian matters as if they were a truly national Government.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): Sir I wonder whether the Honourable the Home Member, who has just come to this House after a long day's absence works in the matter of finance in conjunction with the Honourable the Finance Member. I put this question because, if I were the Home Member, if I belonged to a Government which is responsible not to the people of India so much as to the people of England, I should have tried to "get into the skins" of the Indian people. That, Sir, was the phrase used in a famous letter written by General Gordon from which letter Lord Morley quoted in one of his Indian speeches. I am afraid the Honourable the Finance Member has not helped the Home Department in making an impression on the country.

What I said with regard to the Railway Budget I have to repeat in regard to this General Budget: It is not a poor man's Budget. In the case of the Railways they said that they could not reduce the third class passenger fares. Here, the Honourable the Finance Member finds argument for not reducing the postage on postcards and letters. I am surprised that he has not done it, especially when he knows, or ought to know, the condition of the people. There is nothing in this Budget which gives a direct relief to the poor

Mr. Darcy Lindsay: What are the provinces going to do with the contributions which are to be remitted?

Mr. C. S. Ranga Iyer: My Honourable friend from Bengal asks me what the provinces are going to do with the contributions which are going

[Mr. C. S. Ranga Iyer.]

to be remitted. The provinces will certainly try to do justice to the remitted provincial contributions so far as justice can be done. But my Honourable friend from Bengal is aware that the Executive Council stands between the transferred departments and the light of the world. It is admitted by your own moderate friends and admirers that diarchy has failed. Why? Because you do not find money enough to manage the transferred departments. Sir, I think it is one of our European critics who was responsible for the phrase "nation-building departments." Well, these "nation-building" departments have not contributed much towards the building up of the nation, only because they have no money. The remitted provincial contributions so far as my province is concerned are so meagre that they do not even touch the fringe of the poverty of the people. You know that the United Provinces, because of three days' hard rains, have suffered losses twice the amount that you concede as remission to that province. You know that the Ministers in that province have voluntarily sacrificed a part of their salaries, while, what do the European members of the Civil Service do? I do not want to import excitement into this debate, but in answering the question put by my Honourable friend from Bengal, I have to contrast the attitude of the European Members of the Civil Service with that of the representatives of the people, however imperfect, who are in charge of the transferred departments. The European members draw their full pay, and if you please, more than their full pay, thanks to the recommendations of the Lee Commission which, in spite of the opposition of this House, have been given effect to. What was hitherto a domestic responsibility has now become a national burden! Even the birth of a son or a daughter in a European civilian's household is a matter of national concern! I did not want to enter into this question, but I believe the Honourable Member understands that provincial contributions do not even touch the fringe of the poverty of the people.

Be that as it may, what is the use of grumbling against the Honourable the Finance Member? The defect of his Budget is the defect of the system of administration, and the Government of India ought to know that the system of administration being defective, they ought as far as possible, in this transitional stage, try to minimize the defection by reaching the imagination of the people, by touching their heart. For instance when a poor man goes to the post office to buy a post-card and when he realises that henceforward the price of a post-card is a quarter of an anna instead of half an anna, he will think that the Government is not so unkind as he has been told, as he has been made to believe by his own circumstances, by his own sufferings. Sir, this system of government has no imagination. I regret very much that the Home Member did not give a few "tips" to the Honourable the Finance Member in this matter. It is a matter for surprise that, despite two years of protest from the people, you have ignored their protest. It is a matter for sorrow to the poor people of India who feel convinced that so long as the British administration continues they have to pay dearly for it. I wonder whether the Honourable the Finance Member has read the book called the "Government of India" by Mr. Ramsay MacDonald, the Labour Premier. I wonder whether he has read that. He is silent. Apparently he has not read the book. If he has not read the book, I will ask the Honourable the Finance Member to study it, and also other Honourable Members of this House, it is worth knowing what an English

ex-premier thinks how we are paying in this Budget for what is called "a foreign government."

The Honourable Sir Basil Blackett: I did not want to interrupt the Honourable Member but I may assure him that I have read it.

Mr. C. S. Ranga Iyer: I am glad the Honourable the Finance Member has read this book. Silence does not always mean acquiescence.

Mr. M. A. Jinnah: It is out of date now.

Mr. C. S. Ranga Iyer: Mr. Jinnah says "it is out of date." I am sure my Honourable friend from Bombay does not imagine that the Government of India are up to date! I do not think he imagines that the circumstances disclosed in that book do not continue to-day. I do not think that Mr. Jinnah can pretend for one single moment that any one of these conditions has changed. I do not think any responsible Member of this House can claim that the circumstances inseparable from foreign rule have been tided over. What Mr. Macdonald has said in this "out-of-date" book, as Mr. Jinnah would call it, is very applicable to the up-to-date circumstances. "A foreign government is always a dear government—even if it is worth its price", says Mr. Macdonald. I say it is not worth its price, but even if it is worth its price, we have to pay also a penalty for it. His remarks on the Indian Civil Service, I may further say, are not "out-of-date" but very much up-to-date. The book was written when the Lee Commission recommendations had not been given effect to. But the survey of the conditions, in those "out-of-date" days when the book was written, is much more applicable to up-to-date conditions. He says:

"The Indian Civil Service has been regarded for many years as the most attractive of all civilian employment under the Crown."

He goes on to say:

"In the early days of the Indian National Congress, one of the most frequently used arguments in favour of more Indians being admitted to the Indian Civil Service was that the British demanded salaries far in excess of Indian standards. I fear the habit of high standards has become so prevalent that this consideration has no longer any influence. When Indians appeared in the higher service of course they were paid the same rates as their British colleagues."

Further on he says:

"What these standards are may be seen by comparing them with similar posts at home. The pay of a civilian member of the Viceroy's Council is £5,336 per annum whilst that of the Secretary of State for India is £5,000; a member of a Governor's Council gets £4,265, the Minister at the head of one of the minor departments at home gets £2,000; the average pay of a man holding a superior executive post is £2,000, a principal clerk to the Treasury rises to £1,200."

And so on. He comes to the conclusion that if the Indian Government were Indian, the expenses would be considerably reduced and he goes on to say:

"We should bend our energies to prevent these high standards of pay becoming more common. Money is not so cheap as it used to be in India and therefore existing rates of pay may have to be slightly augmented in some cases but the abundant supply of indigenous ability which is now available ought to be used to keep down unnecessarily high salaries."

Then he talks of the poverty of the Indian people. He says that there is absolutely no comparison between the poverty of the people here and the poverty of the people in England. In the case of the Postal Department,

[Mr. C. S. Ranga Iyer.]

the Honourable the Finance Member said that the Postal Department must pay its way. But it is not fair to apply English standards to Indian conditions. Please listen to what Mr. Macdonald says:

"The official apologists keep reminding us of the low taxation of India, but that has nothing to do with the matter. The question is what is the taxable capacity of the Indian people, and as regards the great mass the answer must be: 'practically nil.' Englishmen may be taxed, on the average, £10 a head and Indians only one shilling, and the Indian impost be heavier than the English one. While prosperity is far from general in India, the Indian Government will not be able to raise its income very substantially without lowering the standard of life of the people and crippling the economic life of the country; and prosperity cannot be widespread if the exported tribute is heavy."

Then he deals with the military department. The military department is certainly half Indian and half Imperial. For instance the frontier question was long considered to be an Imperial question, but now unfortunately all the expenditure in regard to the frontier operations is to be borne by the Indian people. Mr. Ramsay Macdonald makes it clear in his book that it is very unjust and that it is very objectionable. Sir, on this question, you will recall what Lord Salisbury, as Secretary of State for India and the Viceroy said about the whole position:

"to treat the Indian frontier question as an indivisible part of a great Imperial question, mainly depending for its solution upon the general policy of Her Majesty's Government"

and the Indian people having no voice or choice in it. With reference to this military question, especially the frontier question and also the European soldiers in India so long as India happens to be a part of the British Empire, Mr. Ramsay Macdonald would want that the whole expenditure be borne by the English.

The Honourable Sir Basil Blackett: Since he was Prime Minister?

Mr. C. S. Ranga Iyer:

"A self-governing India would no doubt insist upon bearing some definite share in defence, but like the Dominions it would settle how much it ought to bear: it would adjust the cost to its means and it would decide in what form it was to make its contribution—perhaps an Indian-recruited army. In any event the present plan, by which India pays for the Imperial army stationed there without in any way determining policy, is as bad as it can be."

And Mr. Jinnah says this is "out of date."

Mr. M. A. Jinnah: Is the Honourable Member prepared to accept the remedies suggested by Mr. Ramsay Macdonald? That was my point.

Mr. C. S. Ranga Iyer: Yes, the main point namely the system of government. There is no use grumbling in this House against the Finance Member in the good old style. There is no use saying hard things about him. He is trying to serve both God and Mammon,—the God of the Indian people and the Mammon of the British bureaucracy. He was rather loudly protesting on the exchange question. I think if Mr. Kelkar had been allowed to finish his quotation, it would have shown that the reverse council sales in 1920 were "an organised plunder." It is not language, it is the language used in *The Times of India*. I do not question the *bona fides* of the Government in this matter, because the Government are in a very difficult position. They have to

serve two masters, the Indian people and the Secretary of State. The exchange policy is dictated from above by the Secretary of State. It is dominated by the English bureaucracy.

Reverting to the statement that I made at the beginning that this is not a poor man's budget, I wonder why the petrol duty is to be reduced, and not the duty on Kerosine oil, which is used by the poor man, not the postal rates and many other things. The poor man has been totally ignored by the Government of India. And the poor men are altogether neglected by the Government of India because there is no representation of the people among those who frame the Budget. It is thrown over our heads! So many documents are laid before us; and I am jolly glad that we have so little time to go through them! I am glad because there is absolutely no use our going through these documents and trying to criticise them. I think the Finance Member understands much better than other members of this Government how to serve the British Government and the Indian autocracy. I do not blame him for the autocracy, but it is time we got rid of this impossible system, this intolerable system, and make the framing of the Budget conform to the wishes of the people. Meantime I look forward to an early day when we shall have an Indian Sir Basil Blackett, when we can have an Indian Finance Member. I do not care so much whether the Home Member happens to be an Indian or not in this transition, but we cannot afford to have the Finance Member a foreigner, not that I make any personal reflection on Sir Basil Blackett, but I believe that an Englishman, a very able man who comes from England to this country, will find it absolutely impossible "to get into the skins" of the people. He finds arguments, he finds logic,—for what? To justify his not reducing the postal rates; and he will find arguments for many other things. He knows his subject and it is his business to find arguments, but you cannot justify certain of these provisions which never would have appeared there if Indians had control of the framing of the Budget.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 4th March, 1925.

APPENDIX A.

(In lakhs of rupees.)

Statement showing progress of reduction of Provincial Contributions (if the aggregate amount is reduced by Rs. 2½ crores in 1925-26 and by a further Rs. 1½ crores in each succeeding year).

	Fired Contribution.	I Reduction.	Balance.	II Reduction.	Balance.	III Reduction.	Balance.	IV Reduction.	Balance.	V Reduction.	Balance.	VI Reduction.	Balance.
Madras	3,48	1,26	2,22	67	1,55	59	96	43	53	23	25	25	25
Bombay	56		56	..	56			15	41	22	19	19	19
	63		63	..	63		63	3	60	33	28	28	28
United Provinces	2,40	56	1,84	41	1,43	45	98	41	57	30	27	27	..
Punjab	1,75	61	1,14	33	81	30	51	23	28	15	13	13	..
Burma	64	7	57	9	46	14	34	14	20	10	10	10	10
Central Provinces	22	..	22	..	22	..	22	6	16	9	7	7	..
Assam	15	..	15	..	15	2	13	5	8	4	4	4	..
Total	9,83	2,50	7,33	1,50	5,83	1,50	4,33	1,50	2,83	1,50	1,33	1,33	1,33

APPENDIX B.

IMPORTS DURING 12 MONTHS ENDING 31ST MARCH, 1924.

DISTRIBUTION OF IMPORTS.

TABLE I.—*Articles for the Wealthier Classes.*

	Rs.
Animals (mainly Horses)	19,86,993
Apparel	1,41,24,886
Arms and Ammunition	64,63,449
Art (works of)	8,36,558
Baskets and Basketware	20,821
Boots and Shoes	25,44,609
Books	51,42,370
Buttons	27,06,303
Candles	2,45,603
Canes and Rattans	5,90,792
Carriages and Carts	21,67,879
Chinese and Japanese Ware	62,185
Clocks and Watches	16,51,098
Coffee	16,17,488
Coir	78,300
Coral	22,446
Cutlery (not including pruning Knives)	21,52,402
Cycles	32,87,651
Drugs and Medicines	1,81,32,945
Earthenware and Porcelain	70,90,806
Electroplated ware	6,32,351
Feathers	24,949
Fireworks	11,53,100
Fish	29,66,906
Fodder, etc.	72,559
Fruits and Vegetables	1,70,79,994
Furniture, etc.	18,61,116
Gelatine	54,089
Glass—	
Lampware	17,32,441
Tableware, Decanters, etc	10,22,849
Scientific	1,86,810
Sheet and plate	32,90,050
Bottles and Phials	34,79,216
Others	22,80,847
	1,19,93,719
	Rs.
Bangles	86,38,080
Beads and false pearls	89,42,438
	1,25,80,518
say Half goes to cultivators	62,90,259
	1,82,83,978

IMPORTS DURING 12 MONTHS ENDING 31st MARCH, 1924—*contd.*DISTRIBUTION OF IMPORTS—*contd.*TABLE I.—*Articles for the Wealthier Classes—contd.*

	Rs.
Hair and Manufactures of	58,425
Hardware (excluding Agricultural implements)	4,21,64,068
Jewellery	16,11,123
Liquors	3,14,56,220
Matches, say half of Rs. 1,45,91,813	72,95,907
Mats and Matting	3,38,402
Motor Cars, etc.	3,08,03,405
Oil Cloth and Floor cloth	8,57,470
Perfumery	3,56,088
Plants, living	92,488
Pearls and Precious stones	1,79,81,237
Prints and Engravings	2,72,230
Provisions and Oilman Stores	2,80,79,662
Rubber tyres, etc.	1,67,96,394
Shells and Cowries	3,29,500
Smokers' requisites	5,04,576
Soap	1,19,27,266
Specimens of natural science	23,982
Spices	2,58,77,550
Stationery	89,06,440
Sticks and Whip	1,23,928
Stone and Marble	5,91,250
Tea	82,26,291
Haberlashery	99,02,274
Silk and manufactures of	4,62,16,605
Wool and Manufactures of	2,84,64,601
Artificial silk and other textiles	1,25,50,957
Tobacco	2,26,18,495
Toilet requisites	48,94,289
Toys, etc.	62,87,644
Umbrellas	55,96,590
Articles by post	3,44,19,298
Other articles	30,29,699
	52,26,87,936

TABLE II.—*Articles for Trade and Industry.*

	Rs.
Asbestos	11,80,697
Belting for Machinery	88,12,486
Bobbins	50,53,963
Bristles, etc., for Brushes	24,778
Brushes and Brooms	11,27,856
Building and Engineering material	1,24,77,222
Chalk, French	22,872
Chemicals and Preparation	2,04,74,317

IMPORTS DURING 12 MONTHS ENDING 31ST MARCH, 1924—*contd.*
 DISTRIBUTION OF IMPORTS—*contd.*

TABLE II.—*Articles for the Trade and Industry—contd.*

	Rs.
China clay	15,89,985
Coal, Coke and Patent Fuel	1,76,20,271
Cordage	7,50,086
Cork manufactures	3,59,955
Dyeing and Tanning materials	2,93,53,392
Graphite crucibles	3,67,941
Gums and Resins	20,56,882
Hides and Skins	15,50,255
Hops	3,03,535
Horn	53,552
Instruments and Apparatus	3,25,77,197
Ivory	24,75,104
Lac	22,18,157
Leather	52,32,121
Machinery	19,13,18,919
Metals and Ores (excluding Copper Braziers)	22,44,22,651
Oils (excluding Kerosine and Fuel Oils)	2,47,56,943
Oil, Kerosine and Fuel oil, say half of Rs. 9,17,18,369	3,08,59,184
Packing for engines and boilers	2,46,749
Paints, etc., and Painters materials	1,30,89,188
Paper and Pasteboard	2,71,07,636
Paper making material	20,45,708
Paraffin Wax	70,531
Pitch Tar and Dammar	4,93,192
Polishes	23,51,824
Printing machinery, etc.	32,19,798
Seeds	5,64,339
Ships and parts	71,53,543
Starch and Farina	20,43,628
Tallow and stearine	26,13,818
Tea chests	64,92,048
Telegraph and Telephone materials	2,91,247
Flax and manufactures of	28,51,430
Hemp	9,50,202
Jute	21,99,006
Wax	90,819
Wood and Linoleum	68,51,030
	69,86,51,949

TABLE III

Railway Plant and Rolling Stock	11,72,46,081
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TABLE IV.

Sugar, Refined	15,45,06,457
Cotton Manufactures	69,90,27,966
	85,44,34,423

APPENDIX.

SUMMARY.

	Rs.
Wealthy classes	52,26,37,936
Trade and Industry	39,86,51,949
Railway Plant	11,72,46,081
Sugar	15,45,06,457
Cotton piece-goods	69,99,27,966
	<hr/>
	2,19,29,70,389
Articles used by Producers, say	8,32,94,617
	<hr/>
Total Value of Imports	2,27,62,65,006
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