

4th March, 1925

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(Official Report)

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LEGISLATIVE ASSEMBLY.

Wednesday, 4th March, 1925.

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

MEMBER SWORN:

Sir Geoffrey Rothe Clarke, Kt., C.S.I., O.B.E., M.L.A., (Director General of Posts and Telegraphs).

UNSTARRED QUESTIONS AND ANSWERS.

EXEMPTION FROM CUSTOMS DUTY OF DRUGS AND MEDICINES IMPORTED BY CHARITABLE INSTITUTIONS.

227. **Haji Wajhuddin:** Is it a fact that drugs and medicines imported by the charitable institutions in India are liable to the same custom duty as those imported for sale? If so, are the Government prepared to consider the advisability of allowing importation free of duty when imported for the *bona fide* use of poor Indians as charity?

The Honourable Sir Basil Blackett: The answer to the first part of the question is in the affirmative. Experience shows that it is not administratively practicable to grant such an exemption without opening the door to serious abuses. Moreover, to allow direct imports by such institutions free of duty would be gravely detrimental to the interests of pharmacists in India who have to pay duty on the stocks which they import.

RAILWAY CONCESSIONS TO BOY SCOUTS.

228. **Haji Wajhuddin:** Are the Government aware that Boy Scouts Associations in different parts of the country are rendering great services especially the immediate help given by them in most of the flood-stricken areas in September last, and do the Government propose to encourage the movement by allowing such recognised associations some special concessions in the railway fare whenever batches are sent on trips by the responsible officers of their respective associations?

The Honourable Sir Charles Innes: Government are aware that services, such as those indicated, have been rendered by Boy Scouts Associations.

With regard to the second part of the question the Honourable Member is referred to part (a) of the reply given in this Assembly on the 10th July, 1923, to question No. 206, from which it will be seen that a concession is already allowed.

APPOINTMENT OF MUHAMMADANS AS SUPERINTENDENTS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS, AND POSTAL CIRCLE OFFICES.

229. **Haji Wajihuddin:** (a) Will the Government be pleased to furnish information how many Hindus and Muhammadans have filled up the post of Superintendents:

- (i) office of Director General, Posts and Telegraphs,
- (ii) each of the offices of Heads of Postal Circles during the last 25 years and how many Hindus and Muhammadans are at present holding such appointments?

(b) Is it a fact that since the establishment of the Post Office Department in India, no Muhammadan, with the exception of the Central Circle (C.P.), has ever been appointed as Office Superintendent in the offices mentioned? If so, will the Government be pleased to state as to what action they propose for the appointment of Muhammadans in such posts?

Sir Geoffrey Clarke: (a) and (b) The posts of Superintendent of the Director-General's office and Postal Circle offices are ordinarily filled by the promotion of the senior fit officials in the office, a practice which Government do not propose to change. In point of fact these posts have been held only by Hindus and Anglo-Indians except in the Burma and Punjab and N.-W. F. Circle offices in which three Muhammadans have also held the appointment. At present a Muhammadan is Superintendent of the office of the Postmaster-General, Central Circle.

NUMBER OF HINDUS AND MUHAMMADANS IN THE CLERICAL CADRE IN CERTAIN SPECIFIED OFFICES.

230. **Haji Wajihuddin:** Will the Government be pleased to furnish information as to the number of Hindus and Muhammadans in the Clerical Cadre as detailed below in the undermentioned offices.

Name of the office.	350 to 450.			250 to 350.			175 to 225.			145 to 170.			Time Scale Appointments.	REMARKS.
	Number of Appointments of Hindus.	Number of Muhammadans.	Number of Appointments.	Number of Hindus.	Number of Muhammadans.	Number of Appointments.	Number of Hindus.	Number of Muhammadans.	Number of Appointments.	Number of Hindus.	Number of Muhammadans.			
D. G.'s Office														
P. M. G.'s Office														
P. Offices														
R. M. P.														
D. L. Office														
Telegraph Eng.														
A. G.														
D. A. G.														

N.B.—(1) Information in respect of each Postal circle may be furnished separately.

N.P.—(2) In the Audit Office the scale for selection grade appointments differs from those of Post Offices, etc., and therefore information regarding the scales which may be in force then may be furnished.

Sir Geoffrey Clarke: The information is being collected and will be furnished to the Honourable Member in due course.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Secretary of the Council of State:

"I am directed to inform you that the Council of State have, at their meeting held on the 3rd March, 1925, agreed without any amendments to the Bill to amend the Cantonments Act, 1924, which was passed by the Legislative Assembly on the 24th February, 1925. I am also to inform you in accordance with Rule 36 (1) of the Indian Legislative Rules that the amendments made by the Legislative Assembly in the Bill to give effect to certain articles of the International Convention for the Suppression of the Circulation of, and Traffic in, Obscene Publications, were taken into consideration by the Council of State at their meeting held on the 3rd March, 1925, and that the Council have agreed to the amendments."

GENERAL DISCUSSION ON THE GENERAL BUDGET—*contd.*

FIRST STAGE—*contd.*

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadar Urban): Sir, having been in this Assembly from its start and having taken part in the first Budget of 1921, having taken the depressions which that Budget and the succeeding Budgets conveyed, it is some consolation to-day to be able to say that we are turning the corner so far as our financial condition is concerned. Sir, I wish we would follow the English practice of old, when the Chancellor would open his budget instead of going through the presentation of a statement which Finance Members try to make interesting by their speeches. If it was a question of an actual opening of the Budget, I should like on behalf of Madras to take more out of it than the Honourable the Finance Member has chosen to give to-day.

Sir, before I enter into the acrimonious part of my speech, I think I should begin by congratulating the Honourable the Finance Member on his beginning to see wisdom in recognising the just claims of Madras. We are deeply grateful after all for the tardy recognition of the poor financial condition of Madras and the justice which is sought to be rendered in this Budget. Sir, our Ministers have been crying themselves hoarse for want of funds for carrying on the great projects they have had in view for some years, and I may say, speaking on behalf of my province, that we are all deeply indebted to the Government of India for the beginning they have made.

Sir, the Honourable the Finance Member has had three years of experience of the finances of this country. He began as a pessimist: he is now turning into an optimist. And I am also turning that way. But at the same time I must warn the Honourable the Finance Member against too much optimism in connection with the finances of our country. The country is still bearing 49 crores of additional taxation after 1914. That is not to be forgotten when we talk of surplus budgets. We get our surplus because we retain our additional taxation. It must be the honourable ambition of every Finance Member before he lays down his office to get rid of at least a substantial portion of that additional burden. We are living in normal times and abnormal levy of taxation from the country always leads to extravagance and encourages extravagance. We should not forget the troublesome days which we passed through in 1921-22 and 1922-23 and our thanks to the Retrenchment Committee should not be so soon forgotten. When I turn over the Budget Demands, head after head, I see there is a tendency to increase expenditure in almost every Department from 1922-23. If the Honour-

[Diwan Bahadur T. Rangachariar.]

able Member will compare the actuals for 1923-24 with the proposals for 1925-26, he will find that except in a few small Departments, there is a tendency in every Department to go up again. I hope the Finance Member will keep a watchful eye on that growth. We have yet to turn the corner although we are nearly succeeding in the attempt. Sir, there have been elements of luck also favouring the financial condition of the country. We have had windfalls on both sides, both on the receipt side and on the expenditure side, and it is a matter for congratulation that the anticipated small surpluses in 1923-24 and 1924-25 turned out to be somewhat substantial surpluses. This is not a matter for blame. It is always safe to underestimate the surplus. But at the same time we should not over-estimate it but we starve or deny justice.

Now, the Honourable the Finance Member has to be congratulated upon two or three substantial improvements which he has effected in the financial operations. The separation of railway finance from general finance is a matter on which every one of us has to congratulate ourselves. I entirely disagree from the view of some Honourable Members who have put forth the view that the general exchequer should not look forward to any revenue from the Railways. Sir, the general revenues have contributed very largely towards the building up of the Railways and it is but right and just that the general revenues should be recompensed and recouped from the railway revenues. Only, we should not take too much. I think the convention which we entered into was the best arrangement and there is no reason whatever for grumbling about it.

Sir, I do not know whether the Honourable the Finance Member can safely rely upon the exchange rate which he has set up for himself for the next year's Budget, but I also hope he will succeed there, for upon that depends the small amount of surplus which he has budgeted for. However, that is a matter on which he is told that he is gambling. Other people who are also well-informed told me that he is right. But that is a matter for experts.

Sir, in congratulating the Honourable the Finance Member one should not omit to notice with gratification the great contribution which His Excellency the Commander-in-Chief has made towards reducing the expenditure of this country. We are looking forward to the day when the steady hand which is now directing the reduction will continue to achieve more and more. We want to reach the day when the military expenditure of the country will come down at least to 50 crores. It is in that Department I notice that year after year there is a steady reduction in expenditure. Whether you compare the gross expenditure or the net expenditure there is a steady reduction in expenditure and it is a matter for some satisfaction. However, we on this side will not be content with the reductions already made. It was pointed out yesterday that until Indianisation really takes a rapid turn and until British ranks are substituted by Indian ranks, the day of low expenditure in the military will not be reached. Sir, I asked the Honourable the Finance Member in this session a supplementary question as to whether he is keeping an eye on those items which the Retrenchment Committee have pointed out page after page where further explorations can be made for economy and the Honourable the Finance Member told us that he was doing it night and day. I should like that he had supplied us with some statement showing in what direction such explorations have been made. I fail to see

any signs of it in the Budget Demands. I have turned over item after item, Demand after Demand, but I fail to see that. In fact I have made an analysis of those suggestions. It will take a long time if I read it out. I will give him a copy of it—the pages where suggestions have been made, and the items indicated and I hope the House will be furnished with a statement showing in what direction such further explorations have been made.

Sir, while I have been congratulating the Honourable the Finance Member on the bold policy he has adopted, on the improvements he has in view, on the improvement he has already adopted, the arrangements he is making for a Provincial Loan Fund and the arrangements he is making for a debt redemption and avoidance fund, and the separation of accounts and audit, may I ask him whether he is content with the way in which this Assembly is treated over the Budget? As a good financier from London, is he really content with presenting a statement like this? May I draw his attention to page 39 of the Memorandum accompanying the Budget where out of over 215 crores of expenditure out of the revenues, 118 crores are shown as non-votable and only 97 crores are votable? And not only that. There are so many heads—not less than six heads—which are altogether non-votable. Is he satisfied with that state of circumstances? Is his British instinct satisfied with this way of presenting a Budget? While he is taking full advantage of the help of the Finance Committee, the Public Accounts Committee and this Assembly, is he satisfied with the continuance of this state of things? Does not his financial instinct revolt against this state of things? Sir, this is not the time for me to deal with the general political tension in the country. We have got an irresponsible and unresponsive Government. We will take advantage of another early opportunity to discuss that.

Let me now deal with a few items. For instance, take the High Commissioner for India. How far he is encouraged to Indianise both men and material in London is a matter which requires the careful attention of this House. I had been to his office in London when I was there last year and I did not find a single Indian holding any responsible post in his office. It is hardly creditable to this country. Again, Sir, as regards the military, the question of the revision of the pay of the British army, is a matter which must have been examined by this time. The revision was due in 1924. The pay which was fixed in 1919 was fixed according to the then prevailing prices. But prices have fallen in England. What steps have been taken to revise the pay of the soldier in connection with the fall in prices is a matter also on which we should like to have some information.

Sir, again referring to the North-West Frontier Province, I should like to know what steps have been taken by the Government of India over the report of the North-West Frontier Province Committee. They have had too long to sleep over it. I wonder what they are doing at all. They just tided over the difficulties of the time by appointing a Committee and we thought we were doing a great deal by travelling about the country. And, Sir, when I recall to my mind the spectacle of people rushing forward to receive us with open arms as if we were the saviours of the situation, when I recall to my mind the scenes of 1921-22 and when I see the stagnation which has overtaken the Government of India in this matter, I cannot but regret that I was a party to that Committee. Either act on the majority report or on the minority report. Do something for the poor people of that province.

[Diwan Bahadur T. Rangachariar.]

There is again a matter on which I cannot speak with restraint. It is the Kohat situation. Sir, I cannot reconcile myself to any Government, whoever were the aggressors, sitting for months together without offering effective protection to a community which have fled from that place, which was obliged to flee from that place and which was encouraged to flee from that place. If we had an Asoka or an Akbar what would he have done? Would he have seen these people stranded in the streets of Rawalpindi? Would he not have called in the aid of the military for protection? Would he spend nights in sleeping? Would not the Foreign Secretary be then spending sleepless nights when he sees the whole population flee from the place for want of protection? Now, Sir, what is the good of going into the origin of the quarrel where the Government are unable to afford that protection to a section of the population? That is a matter which we cannot tolerate, whoever may be at fault. May I ask my Honourable friend, Mr. K. Ahmed if he interrupted me, whoever may be at fault, is it a thing to be tolerated that a whole population should flee from the place and Government be unable to afford protection, and yet they should be investigating and prosecuting people? That is a matter which again requires some serious consideration.

As my time is up I should like to say a word to my Honourable friend, Sir Campbell Rhodes. Sir, it was a matter of extreme disappointment to me to hear my Honourable friend the other day complain by question on the floor of this House and take up that small mercy—it is not even a substantial mercy which the Honourable the Finance Member promised in the discussion on the Railway Budget when he stated that the scales would be weighted heavily in favour of the Indian when the chance came—and make it a ground of complaint. That he should do so is a matter for regret. Now, what were the Indians asking for? That the Government should find a place for an Indian in the Railway Board, and they were careful enough to suggest that in the finance portion of it they had capable Indians who could be selected for the place of Financial Commissioner. And not even a night elapsed when my Honourable friend dreamt that the Services would be dissatisfied. There is not a single newspaper in Delhi which gave vent to any such dissatisfaction. Where did he get news of this grave dissatisfaction? Was it at the dinner table? Bengal has always been the sore spot, and one reason why Bengal is fond of anarchists is the unfortunate impression of the man in the street that the Bengal non-official European is supposed to be in close touch with the official European there and they mutually stand by each other and they make no distinction between European and European and they think that both of them are one. This attitude of my Honourable friend, I am afraid, will confirm that view, when but bare justice is sought to be done to the Indian in a matter like this

Sir Campbell Rhodes (Bengal: European): If I may interrupt my Honourable friend, I think my Honourable friend has unintentionally misinterpreted my point of view. My point of view is that there are capable Indians fully qualified to take the position indicated in the Railway Board. My community would very much welcome them there. But I think it is derogatory to them to suggest for one minute that there is any need to weight the scales heavily in order that they may be chosen for that appointment.

Diwan Bahadur T. Rangachariar: I am glad to hear that amended view, but at the same time I must give my Honourable friend a warning that we in Madras, in Bombay and other places are getting on very well with the non-official Europeans, and I hope the same should be the case in Bengal so that we may have a happy family of nations living in the country. There are various other matters which I should like to go through, but I do not want to trespass upon the time of the House. But I do sincerely congratulate the Honourable the Finance Member on his turning the corner and ably presenting a satisfactory Budget.

Mr. M. E. Makan (Bombay Northern Division: Muhammadan Rural): *Sir, not being an English knowing man, once more I beg your permission to say a few words about the budget in Urdu, which is the *lingua-franca* of this country. I am very glad that a surplus has been shown in the Budget of this year and I also wish to congratulate the Honourable the Finance Member on his good work, but the signs of famine are visible this year. The last *kharif* crop was mostly damaged in several provinces on account of excess of rain and floods and there not being sufficient rain during the winter, the condition of the present *rabi* crop is also not satisfactory. The market prices of various kinds of grains are rising and wheat is even now being sold at a famine rate. In these circumstances, I am afraid, that the whole budgeted income will not be realised. I would have been more pleased, if the Honourable the Finance Member had been more careful in incurring the budget expenditure. In my opinion, a revenue of 3 crores of rupees is not sufficient, taking into consideration the vastness of the country. If the Lee Commission had not added so much to the expenditure of the country, we would have got a decent amount as surplus in our hand. In this connection, I wish to draw the attention of the Government towards stopping the export of grains from India. If the export of wheat and rice is not stopped at once famine in the country will be inevitable, and the inhabitants of this country now have got no capacity to resist the famine. 70 per cent. of the population of this country consists of agriculturists, and the largest part of the income of the country is derived from cultivation. But I am sorry the Government of India do not pay any attention to the extension of cultivation and the amelioration of the conditions of the agriculturists. I am strongly of opinion that a Department of Agriculture should also be established under the Government of India and steps be taken to bring under cultivation thousands of acres of forest lands which remain uncultivated. In my opinion, there is no other remedy to cope with the growing population of the country, and to remove the poverty of the people. There are co-operative credit societies in all provinces but the cultivators derive no benefit from these societies. These institutions are merely in name only not at all beneficial to the poor cultivators; organizers of these societies merely seek their selfish interests in these. They do not care for the public. In short, it may be so organised as to be really useful to the public not in name but in reality.

I am glad that excise duty on motor Spirit has been reduced. But I am really very sorry that there is no reduction in the cotton excise duty. I hope steps will be taken next year to abolish this duty.

The slow rate of progress of the buildings of the new Delhi is very troublesome, besides on account of the Government of India being located

*Translation of a speech delivered in the vernacular by the Honourable Member.

[Mr. M. E. Makan.]

at two places in Delhi, the expenditure is also multiplied, although some people would be against budgetting more money for the buildings at new Delhi, but I am certainly of opinion that it is better to spend more money for some years in order that enhanced expenditure of every day may be reduced.

In connection with the new Delhi, I have also to observe that, now at Raisina, there is only one Hostel, for the residence of the Members of the Assembly. It is highly inadvisable to make boarding on English style compulsory on the residents of this Hostel. Instead of living in different houses at Raisina, I prefer the stay of the members of the Assembly in the Hostel in order that they may have frequent opportunity of an exchange of ideas and this can only be done, if boarding on English system is not made compulsory.

There is another important question, to which I wish to draw the attention of the Government and it is this, that the period of the membership of the Members of the Assembly should also be five years instead of three. In the first place, on principle, there should be no distinction between the Members of the Assembly and the Council of State. On account of the election after every three years, the Members of the Assembly get very little time to work, the first year is spent in learning the work and the third year in the struggle of an election. There remains only one year in which they can work. In England too, the election of the members of the House of Commons generally takes place after 5 years. I, therefore, strongly submit that in the rules of elections such amendments should be made which may have the effect of extending the term of the Members of the Assembly from three to five years. There is only one more very important point to which I wish to make reference and it is this that the Members of the Assembly and the Council of State should always remain exempt from the operation of the Arms Act, even if they care to remain the Members of these bodies.

Sir, thanking you once again for giving me an opportunity to make a speech, I close my remarks.

Shaikh Mushir Hosain Kidwai (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, besides the fact that the Government of India with its Nadir Shahi or Tzarist ordinances and criminal disregard of the wishes of the Assembly has done nothing whatever to recommend itself or its administration to the people of India the Budget presented to this House has nothing to commend itself. It is out and out a military budget. It has the mailed fist or Kaiser touch behind it. By far the highest item of expenditure still remains under the Military Department. Economy is only illusory and deceptive—at its best it is but transient. Then, Sir the Budget is a rich man's budget through and through. Highly paid foreigners in the Indian Services "domiciled out of Asia" profit by it. First and second class railway travellers profit by it. No increase has been made in the income-tax of the rich. Petrol duty has been reduced to enable my dear friend Goswami to have cheaper joy-rides in his Rolls Royce. Even the hill exodus of the rich officials has been lavishly catered for by this Budget. On the other hand the low-paid servants of India, who have the misfortune of being domiciled in Asia have been ruthlessly subjected and are being subjected to the Inchcape knife. Nothing in the Budget has been done to brighten their prospects. The poor man has

still to pay more for his postcard. No reduction has been made in the third class Railway fares. Sanitary institutions and educational universities of the people still lack funds. While in England the proletariat has succeeded, almost succeeded, in having a tax-free breakfast table, the salt of the poorest of the poor in India is still taxed very high. In these circumstances the representatives of the people in this House, to whatever party they may belong, have no option but to express their disapproval of the Budget. But we have found that mere verbal expression of our disapproval does not count. Therefore I ask my friends Pandit Motilal Nehru and Mr. Jinnah to put their heads together and devise some means, so that we may get complete control over the purse. Some sort of direct action is necessary even if it be that which was suggested the other day by the Member for Commerce.

Mr. M. K. Acharya (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Before I make my few remarks, Sir, on the Budget that is now before us I cannot help expressing the envy with which I heard Mr. Makan there discoursing to this House in his own beautiful vernacular; and I wished it were possible for me, if I would, to talk in my own language. That unfortunately is not to be, for a sin of mine it is that I happen to know the official language, namely, English. However, I hope the time will come when the bulk of the debates in this House will be carried on in an Indian language (*Voices*: "Which?") I shall not be sorry, whichever it is going to be. It may be Urdu or Hindi or any other language of India; but so long as it is an Indian language I should be content. If we succeed in gaining for an Indian language the chief place as the official language of this House and of the Government, I should consider that it will take us a very great way towards the goal that we all have in view, namely, the attainment of *Swaraj*. And this naturally suggests to me the second remark which I should like to make, namely, that the Budget before us is far from being a national budget. It may be a good budget, as I dare say in a sense it is; but it is not a national budget; and because it is not a national budget, because it is not prepared by a Government that is responsible to the people of this country; because it is not prepared by an executive that feels that it has got to carry out the mandates of this House in framing its budget,—to that extent and therefore to a very large extent we cannot congratulate ourselves on the Budget before us. At best all we can say is that it is an evil that we have to put up with; it is one of the evils, however much we may try to get rid of them under which we are at present working. I was a little surprised, Sir, and not a little delighted to find my very esteemed friend Diwan Bahadur Rangachariar himself strike the same note, namely, that the Budget before us has been prepared by a Government irresponsible and unresponsive—irresponsible to the people of this country and not sufficiently responsive to the wishes of this House; and when this complaint comes from one like him who is certainly not a fire-eater, it goes without saying that the bulk of us do feel on this point very keenly. And the very many details into which he went, in order to establish the fact that this Budget is not prepared by a responsible body of officials, go to show that this is a large grievance which we on this side of the House have. The fact that the bulk of the items are non-votable and the other facts to which he referred, are all proofs positive that we have got very good and sufficient cause to be dissatisfied.

On the whole the Budget that is placed before us is, as has been rightly termed by somebody, a rich man's budget. There have been surpluses.

[Mr. M. K. Acharya.]

There was a surplus last year, and there is going to be a surplus this year also. What do these surpluses mean? My friend on my right, Mr. Shunmukham Chetty, yesterday went into great details and illustrations, into facts and figures in which he is, I daresay very deservedly, desirous of being regarded as an authority on this side of the House. He went into great details and tried to show from facts and figures that more is taken from the poor man than ought to be taken for carrying on the administration. That is not a point on which we can feel satisfied; for what the surpluses mean is simply this: that more is taken from the poor tax-payer than is absolutely necessary. And what does the present Budget promise in turn? Is there any promise here of lessening the load on the poor man? Is there any hope that any of the burdens heavily weighing on the poor man will be removed? There is none; on the other hand, if there is any promise at all in this Budget it seems to be in favour of the rich man. Petrol may be made less costly. Cigars and cigarettes may be made less costly. Are these the things which the poor man of India is keen about? Does he want petrol to be made less costly, or does he want salt at a nominal rate? Does he want petrol to be made less costly or does he want the postage to be reduced to the old quarter of an anna and half anna rate? I am sorry therefore that the present Budget does not hold out any great hope on behalf of the struggling millions of this country, the toiling millions from whom the great bulk of the revenue comes. I hope however it will be possible for my friends in this House, when the matter comes up in the form of the Finance Bill, to see whether the postage cannot be reduced; and whether, if not the salt tax, at least the duty upon matches and other things which everybody wants, which even the poorest of the poor want, cannot be reduced in this year's Budget. I think that my friends are right in contending, and I for one certainly wish that the salt tax should go; because God has given to us a very huge sea-coast, thereby giving to us all the facilities for making all the salt which this country wants. It is unfortunate that what God has given, man should take away. That is exactly what happens in India, not only in this respect but in many other respects also. What God has given to us, the hand of man has taken away! And yet I think the day will come, sooner than later, when we shall be able to enjoy the blessings given to us by God unmolested by the hand of man, however strong and however mailed that hand may be.

I for one cannot feel very happy or very much elated, Sir, over that doubtful blessing that has been held out to us of a reduction in provincial contributions. It was a great evil, the way in which the provinces had been made to contribute; and one evil is never lessened by another evil. And so though you now give back to the provinces some little portion of what they had been forced to pay, that does not after all hold out any great satisfaction to us. It is at best robbing Peter and paying Paul. Whether it is the Central Government which spends the money or whether it is the Provincial Government that spends it, it does not very much matter, I say, so long as the burden on the poor man is not lessened. I am aware that my own province of Madras in this Budget gets, or is supposed to get, very favourable treatment. I am however aware also, and this consciousness takes away the elation that might otherwise be felt, that just at this moment in Madras the party that happens to be in power and is supposed to represent the bulk of the people in that province is not a party which is very sane or truly patriotic, nor carries its head in a very level manner. Therefore, if

more money goes to the province of Madras I am afraid that at least during the next year it may be frittered away on all kinds of oddities less good and more bad or indifferent. Yet I hope that the time will come soon when those who are now posing in Madras as the representatives of the people will not be in their places, and then only it will be a comfort for Madras to have less contribution to pay. However this is a very small matter. As I say, on the whole it does not matter very much whether this province or that province has a little more or a little less to spend: whether it is the Provincial Government or the Central Government which spends, so long as—and I repeat it once more—so long as the poor man's burden is not lessened.

Lastly, Sir, I am aware and I wish to repeat in this House what others also have said, that there has been one great standing iniquity in our revenues, namely, the cotton excise duty. Whether or not Madras is directly interested in this matter, it is desirable that in regard to this standing national iniquity in regard to this item which has been admitted to be an iniquity by the Government of India—it is desirable that the very earliest opportunity should be taken to get rid of this iniquity. Indeed fair play demands that the cotton excise duty must be abolished at once. (*A Voice: "Question?"*) Well, I am not surprised; I am old enough to understand, and I hope everybody here is old enough to understand, that there are bound to be differences of opinion in doing away with an evil like the cotton excise duty, as in many other matters as well. However, this is a point upon which the great bulk of the people at least on this side of the House are agreed—the removal of the duty on cotton textiles. And I say unhesitatingly that will be better for the reputation of the Government of India; it will be better for that righteousness which all of us desire should mark the policy of the Government in this land. On the whole, therefore, Sir, I should join my friend Mr. Abhayankar in raising my general wail that all is not as well with this Budget as we should like it to be. And yet what does it matter after all? So long as the Government happens to be an autocratic Government as it now is, not responsible to the people and not responsive to our wishes—it does not matter whether it is a very good Budget, a very carefully prepared Budget or whether it is a bad and faulty one. On the other hand it would be to our good in the long run if the Budget is bad, if it is not well drawn up, if it is carelessly put in; if it leads to financial trouble; because that may bring the day nearer when irresponsible government in this country may be replaced by responsible Government. Indeed the very mistakes and blunders which the Government might make, from the national standpoint, may come to be of great advantage to us; whereas the very success which may now mark the work of the Finance Member may put off the day for the introduction of responsible government; because it may be said that until we can produce another Sir Basil Blackett, nay one even better than he to take charge of India's finances, until then we shall have to wait. On the whole therefore, Sir, I cannot welcome this Budget with the same elation that some people have felt. It is one of those Budgets which we shall have to carefully scrutinise in order to lessen the poor man's burden. Indeed, I would appeal to one and all in this House to make this their watchword in dealing with the Budget before us—how to lessen the poor man's burden.

Sardar Bahadur Captain Hira Singh Brar (Punjab: Nominated Non-Official): Sir, I am not getting up to speak because I profess to be any kind of a financier like so many of my friends in this House. I rise only to say a word or two in connection with the criticisms which some Honourable Members always make against military expenditure. And I have noticed Sir,

[Captain Hira Singh Brar.]

that some of those Members who talk most have never been nearer to the Army than the grand stand from which they have watched the review. I would ask those Members who profess an interest in the Indian Army whether they are subscribers to the *Fouji Akhbar*. If not, how can you expect to understand anything about the Indian Army and its interior needs? I would beg my Honourable friends to subscribe to that paper, which is circulated all over the world, in order that they may learn what is going on in the Indian Army.

Now, Sir, we have heard a lot about reducing army expenditure, and the methods generally recommended are three in number, namely, first, to replace the British officers in the Indian Army by Indians; secondly, to replace all the British troops by Indian ranks, and thirdly, to overhaul the supply services. Now, Sir, with regard to the first of those remedies, I have never been able to understand what great economy could be made if you replace British by Indian officers. It is very generally known and admitted on all sides that the British army officer in India from the subaltern to the Commanding Officer finds it very difficult to maintain himself if he has no private means. After all, Sir, the army officer has to maintain a certain social position, not only in India but all over the world. His calling is one of honour and esteem. I therefore cannot understand how the replacement of British by Indian officers is going to result in a great saving to the country. For surely it is not intended that when Indian officers take the place of the British officers, their pay is going to be very much less. Surely they will be permitted to live in a manner befitting the dignity and honour of their profession. Only the other day a distinguished Member of this House said that he was sure that no Indian would grudge any expense, even if it was five crores, in order to establish an Indian Sandhurst. If, then, no expense is to be spared in training Indian boys for a military career, it seems to me that no expense ought to be spared in order to ensure the proper upkeep of the position of our Indian officers when they have passed out of such a college. Therefore, Sir, we must maintain our Indian officers and assure to them the same position not only in our country but in the eyes of the world which their British brother officers enjoy to-day. And that means that very little economy can be effected in that direction. The second method recommended, Sir, for the reduction of military expenditure is on a different footing. I am just as keen as anybody in this House to see an all-Indian Army. But, Sir, perhaps I am in a better position than most of my Indian friends here to appreciate the true value of the co-operation of British soldiers along with my own countrymen, because I have fought beside them in war and lived beside them in peace. From them we have learnt much—perhaps the greatest lesson of all is the reality of the bond of brotherhood which unites all fighting men, of whatever race or creed. They continue to inspire us to-day with that single-minded devotion to national duty, which is far removed from the clash of communities in the civic life of India. And I venture to think that in the Indian Army India will yet find the greatest factor in the establishment of a strong and united nation. The value of the British section of the Indian Army cannot therefore be measured in terms of comparative money values. For who is there who is to assess the value of a unifying force in the life of a nation? Also, Sir, in times of communal stress, when passions run high, they have done much to assist us to remember that devotion to duty and the need of one's country, is a higher virtue than the demands of communal bias. Lastly, Sir, it is not necessary

for me to say that no modern army to-day can be maintained without expense—considerable expense. It is not merely a matter of men; no matter how much you may save in that direction, you can save nothing whatever on equipment. You must have the best—the best artillery, the best motor transport, an up-to-date Air Force, machine guns, sufficient supply of ammunition for training purposes, efficient supply services, the best organization possible and suitable to meet the needs of India. And here, Sir, I think that Honourable Members would be well advised to allow the judgment and experience of a great soldier like Lord Rawlinson to guide them (Applause). It is the privilege and, I feel sure, the pride of His Excellency the Commander-in-Chief to answer for the absolute efficiency of the Indian Army in all its branches. The Army in India, Sir, is not merely the pride of India. It is the pride of the British Empire. And the responsibility of His Excellency is not alone to the people of India; it is an Imperial responsibility. And I think, Sir, that everyone will agree with me when I say that His Excellency is not the man who will fail in that responsibility. But in this House there are some Members who think they are even greater than the Field Marshals and Generals of the Army. They take every opportunity to tell the Commander-in-Chief how to administer the Army. They come here armed with figures and full of reductions. My friend, Mr. Goswami, is one of them. I wish, Sir, that he could be allowed to take part in some Frontier skirmish, say, in Waziristan. He would then still be full of figures, but I think they would be the figures of the Pathan tribesmen (*Mr. T. C. Goswami*: "Figures of speech"); and the only thing he would want to reduce would be the distance from his home. Sir, I deprecate these insistent demands for military economy. We must have the very best, and we ought to trust the Commander-in-Chief to get the best for us and to see that there is no waste and no lapse. In conclusion, what I should beg of His Excellency is, again and once more, to increase the number of cadets going to Sandhurst and to try his best to improve the position of the present Indian officers so as to enable them to obtain the higher commission for those Indian officers who fought for us and shed their blood in different theatres during the last Great War. With these few words, Sir, I resume my seat.

Sir P. S. Sivaswamy Aiyer (Madras: Nominated Non-official): Sir, as a representative of the Madras Presidency I consider it my duty to join in the chorus of grateful appreciation of the relief which has been afforded in this Budget to the provinces in the matter of the provincial contributions. (*An Honourable Member*: "What about Bombay?") I wish also, Sir, it had been possible for Sir Basil Blackett to abolish the cotton excise duty in accordance with the Resolution which was passed by the

12 NOON. Assembly last autumn. It is a duty which was unjust in its origin, is unsound in principle and is at the present moment unduly burdensome and injurious in its operation. I hope that in the discussions which would be initiated by my energetic friends from Bombay, some opening will be discovered for affording relief to the textile industry of Bombay by repealing the cotton excise duty.

Sir, in view of the limitation of time that you have imposed, I will confine the rest of my remarks to the subject of the military estimates. Sir, there are some novel features in this year's military estimates. It is a matter for gratification that the military estimates are now presented in a form more and more similar to that of the English military estimates and that they are calculated to afford more and more information to the

[Sir P. S. Sivaswamy Aiyer.]

House. The principle of cost accounting and commercialisation of the accounts of several Departments has been largely introduced and with great advantage. Another feature I notice is the Explanatory Memorandum which accompanies the military estimates which has been prepared by the Military Financial Adviser. I am glad that the Army Secretary has thought it fit to comply with a suggestion which I have repeatedly made to him in this behalf. The subject of military estimates is a technical one and is hardly intelligible to many of us. The greater the amount of information that you can furnish, the greater the light that you can throw upon it, the better for all concerned. It will enable the House to follow the estimates intelligently, though they may not be entitled to vote upon them, and to take some interest in the progress of military expenditure. This Explanatory Memorandum is a first performance of my friend Mr. Brayne and I am bound to say it is a little too meagre; I wish it had been fuller and I hope the subsequent performances will err on the side of fullness rather than of meagreness. For instance, I may suggest a number of matters which might have been properly introduced into this Explanatory Memorandum. Take, for instance, the question of the revision of pay and allowances of the officers in the Military Department. We are told that a provision of about Rs. $\frac{1}{2}$ lakh has been made for meeting the additional expenditure to be incurred by this revision, but what exactly the scheme is, what the details of it are, we do not know. We shall probably be told in reply that it is still confidential, that it has not been passed and so on; but very probably the whole thing may be published a week hence. I wish the gentleman who prepared this Memorandum could have found it possible to enter into some details with regard to this important scheme. Then, Sir, the Memorandum might have well dealt with those outstanding matters which form the subject of controversy between us and the Home Government and told us what stage has been reached in the negotiations between us and the Home Government. We know that Sir B. N. Mitra was deputed last year to deal with some of these questions and I imagine that His Excellency the Commander-in-Chief might have also employed some of his spare time in discussing these with the Home authorities but whether any satisfactory stage has been reached, whether they are in a position to announce anything as a result of these discussions, we do not know. Then, again, Sir, we are told, in the Budget, of shortages in the various establishments, for instance, in the reserves and in the various other services. What the reasons for these shortages are we are not told. That, again, might find a proper place in the Explanatory Memorandum. So also the subject of the savings said to have been effected in the capitation charges. How the savings have been effected, whether there has been any new agreement or any alteration in the basis on which capitation charges have been arrived at we do not know. Then, Sir, there are other matters upon which we should like to have some information. What is the basis upon which the contribution of the Home Government to the transportation charges of the troops by sea is made to the Indian Government? It is fixed, I believe, at a definite sum of about 13 lakhs, whereas we have to pay a sum of 60 lakhs in the shape of transportation charges. What is the basis of this settlement? Then, again, any question of changes or improvements in the matter of organisation, equipment may well find a place in such a Memorandum, if not in the present one, at any rate in the future. We

should also be interested in knowing how far the process of Indianization has gone in the Army. A short note explaining the extent to which progress has been made in this direction would have been of great value.

I am glad, Sir, to find that the principle of cost accounting and commercialisation of accounts has been carried out in regard to the Military Engineering Services, though not fully. This head of Military Engineering Service really corresponds to the old head of Military Works and corresponds to the Capital Accounts of the English military estimates. I cannot understand why this head should not really form a sub-head of the head Army, except perhaps for the very flimsy reason that the Military Engineering Services have executed a small item of work worth about $1\frac{1}{2}$ lakhs for the Marine Department. Except this, all their works have been executed on behalf of the Army and I think it really should find a place under the head of the Army and if the process of commercialisation had been fully carried out, the various departments of the Army concerned should have been charged with the rent of the buildings they occupied, with depreciation and other things, just as they do in the English military accounts. They have charged certain items by way of rent, but I do not believe that it has been fully carried out. In England rent for barrack accommodation and other war department buildings has to be paid for; they are entered in the accounts and we should like to have a similar entry of this item in our accounts, so that we may know how much exactly the cost of the different heads amounts to.

Now, Sir, turning to the estimates, I will refer to just a few important items. I am sorry to find that the transportation charges still form a very heavy item in the Budget; they amount to nearly $1\frac{1}{2}$ crores. I wish His Excellency would direct an examination into this question and see whether it is not possible to make some further curtailment in the amount of transportation charges, whether it is not possible to keep down the movements of troops from one corner of the country to another within reasonable limits guided by considerations of economy. Mr. Burdon was good enough some time ago to explain to us the principles which regulate these movements of troops, but one can well imagine that it is possible to regulate the movements by those principles in two ways, one an uneconomical and another an economical way. I hope the movements will be kept down at the minimum possible consistently with those principles. Then, there is one thing which will strike the House and it is this that the cost of the Air Force is exceedingly high proportionately to the force. No doubt that is a feature which is common to other military estimates also. In the English military estimates also the Air Force is a most extravagant branch. If I may be permitted to use that term, of the defensive forces. We find for the next year a provision for an excess of 28 lakhs for the purchase of new aviation stores. It is not explained what the necessity is. Another suggestion which I should like to make is this that the superiority of mechanical traction being now well established and well recognised, it may be worth the attention of the military authorities to consider whether it is not possible to substitute on a large scale mechanical traction for animal traction in the case of the artillery and in the case of animal transport. If we could dispense with a large number of horses and mules which are now maintained for animal transport and replace them by mechanical transport, we ought to be able to effect a considerable amount of saving. Then, again, the question of the substitution of civil for military personnel should also be seriously taken in hand with regard to the army clothing

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depots, the medical store depots, and things of this kind, where the substitution of civil personnel can be effected without any loss of efficiency or technical knowledge.

Then, Sir, I wish to pass from grave things to a thing of a somewhat lighter description. It is well worth considering whether the pomp of the Viceroy's Bodyguard or his own dignity will suffer by the substitution of officers holding Viceroy's commissions for the two officers holding His Majesty's commissions. It seems to me to be an unnecessary and altogether unjustifiable piece of extravagance, and I am sure if His Excellency the Viceroy reflects upon it he will be quick to substitute officers holding Viceroy's commissions for those holding more costly commissions.

Another question to which I would like to refer is the possibility of a retrenchment in the military estimates by the expansion of the reserves. We are told that, while the full sanctioned strength of the reserves is 32,000 odd there was a shortage of 14,000 in the last year. Now it has always been a difficulty, which I could not fully understand, why the system of short colour service and reserves has not been fully worked and utilised so as to have a large number of reserves. Many of my countrymen are under the impression that by the proper development of the Territorial Force it may be possible to effect an immediate curtailment in the military expenditure. I am sorry I am unable to share that view. But, on the other hand, it seems to me that by an expansion of the reserves of soldiers who form part of the regulars and who are fit for mobilization at once on any emergency, it may be possible to get on with a smaller strength in the other fighting units. Whether that is possible or not, I do not presume to hazard any opinion. I only suggest for the consideration of His Excellency whether it is not possible. It seems to me to be one of the directions in which it is hopeful to look for some possibility of retrenchment by expanding the reserve to 50,000 or more.

Sir, I am sorry to find that there is no provision made for the establishment of a nautical school under the head Marine. This subject has been talked about and I understood the Honourable the Commerce Member to be in favour of the establishment of a nautical school; but it still hangs fire and months and years pass without seeing the materialization of the proposal. I am also disappointed to find that there is no suitable provision made for the expansion of the Territorial Force in accordance with the recommendations of the Committee. We find a sum of 5 lakhs more in the case of the Auxiliary Force and one lakh more in the case of the Territorials than the actuals and the revised estimates of the previous years. But I hope that His Excellency will see that early orders are passed upon the report of the Territorial Force Committee and that in so far as it may be competent for this Government to give effect to the recommendations of the Committee, he will see that the recommendations are carried out as quickly as possible.

There is one thing, Sir, in which I take a deep interest and that is the University Training Corps, the expansion of which, I believe, does not require the sanction of the higher authorities at home. I hope it will be possible for His Excellency to carry it out and to take early steps.

Sir, I should have liked to see provision made for the establishment of another school like the Royal Military College at Dehra Dun for the south

of India. One public school of this kind for the whole of India is really altogether inadequate.

May I now make one or two suggestions of humbler character? I should think that it would be an exceedingly useful thing if the military authorities could publish a hand-book of information once a year or as often as may be convenient pointing out to the public the avenues that are open for employment, of course other than as menials and camel-drivers or mule-drivers. If he will publish a hand-book of information stating the openings for employment, the educational qualifications required, and giving all the requisite information it would be of very great advantage. I would also, Sir, advise another thing. It is the institution of an Advisory Committee in connection with this Department, as there are in the other Departments. Of course, I know that we have no right to vote upon the military estimate and this Advisory Committee will, in the first instance, be rather a Committee to be educated by the military authorities than a Committee appointed to give advice. But it will have the effect of bringing the lay civilian element in the army *en rapport* with the military authorities and will bring about a more sympathetic and intelligent comprehension of the problems that will have to be solved.

As regards the general policy, I have two suggestions to make. One is with regard to the establishment of a military college and the other is with regard to the subject of King's commissions. With regard to the question of a military college, though we passed a Resolution not perhaps in a form altogether acceptable to His Excellency, I hope that he will lose no time in taking steps to see that a move is made in this direction either by the appointment of a Committee or in such other manner as may commend itself to his judgment. As regards the number of King's commissions, I understand that we have now got rid of all the surplus officers and that we have reached the normal level of recruitment of about 150 per annum. I hope it will be possible for him to secure an adequate proportion of this 150 for Indians. I hope that in this connection he will remember the Resolutions of March 1921 and will see that those Resolutions are carried out with a due allowance, or rather a liberal allowance, for the lag in carrying them out so far. We asked for 25 per cent. to start with and 4 years have passed by. I hope His Excellency will bear all that in mind and press for the throwing open of an adequate number of King's commissions to Indians.

Mr. President: The Honourable Member has exceeded his time limit.

Colonel J. D. Crawford (Bengal: European): Sir, in view of the time limit, a practice which I think might be for the benefit of the business of this House if more frequently resorted to, I propose to confine my remarks to criticisms of military policy and military expenditure from a technical and not a political standpoint. The latter aspect has already received adequate notice from previous speakers. But I regret that my Honourable friend Mr. Amar Nath Dutt should offer a criticism on military expenditure and military problems from the position of a casual observer. Even when Swaraj comes, Sir, these military problems will remain and it is not as casual observers but by reading and by a study of our military problems that we will be able to help our Executive in finding the correct solution of them. I think every honest Member in this House and certainly all tax-payers will congratulate His Excellency the Commander-in-Chief, the military authorities and the Honourable the Finance Member on the reduction in military expenditure that has been achieved. And

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we trust that further effort in the future will lead to the elimination of unnecessary extravagance arising from war conditions which has been the main cause for much criticism against military expenditure. Sir, what my community wants—and I think I can speak without fear of contradiction and I believe that most Indian Members of this House will join with us—is adequate military insurance at the lowest possible premium. That brings me, Sir, to my first point. Can His Excellency the Commander-in-Chief assure us that the military insurance for which we now pay a considerable sum is adequate? Both he and the Secretary of the Army Department have in this House stated that the reduction of our military forces has entailed some risk. It is my own belief, Sir, that many of our economies have occurred in the wrong direction. I do not know whether His Excellency will agree with me when I say that there is only one military policy for us in India and that is that we must be able to strike, strike quickly and strike decisively; and that necessitates a degree of mobility in our expeditionary forces which must not be risked. If that degree of mobility does not exist, we lay ourselves open to serious complications which are liable to make our operations protracted and as a result to cost very much more to the national purse in the long run.

Then, Sir, I will go to the question of the solution of the frontier problem which is and has always been a very large drain on our national purse. What is the policy of the Government towards that problem? I believe, Sir, that there is only one solution—that is an advance to the Durand Line and the eventual disarmament of the tribesmen. It has always been a matter of constant surprise to me how any Government can allow a portion of its people—250,000—to be armed within its borders, a menace to their neighbours, and that menace only to be averted by arming further citizens, and a constant drain on our national purse. I know that finance has always stood in the way but I trust that the Government of India do accept the policy of the eventual disarmament of the tribesmen, and of making them useful citizens. Unless we eventually solve that problem there is very little hope that we can ever bring our military expenditure within reasonable bounds. In this connection, Sir, I would like to suggest to His Excellency the Commander-in-Chief the possibility of a reconsideration of the greater use of the Air Force on our North West Frontier. I have reason to believe that such effect as has been produced on the frontier during the last few years has been largely due to the use of the Air Force. Whilst on this question of our Air Force, it is with considerable regret that I notice in the Standing Finance Committee, Volume IV, No. 3, item No. 18 a Demand covering what was a regrettable incident. For the paltry sum of Rs. 28,000 we denied to our Air Force the provision of aerological observers on the North West Frontier which resulted in a regrettable loss of life. Now, Sir, I believe it is perfectly right that we should throw bouquets to the work done by the Incheape Committee, but at the same time we must not forget the bouquets we lay on the graves of those officers whose lives lie forfeit to too drastic a spirit of economy.

Now, from this question of our unsolved frontier problem there are other questions that arise. The first of these is that in that unsolved problem you have a constant source of irritation to your relations with your neighbours. Remove it and I believe that you will be able to establish constant good relations with your neighbours and it may have indirectly

some effect on your military expenditure. And further, Sir, that frontier necessitates continued hardship on our troops, hardships which in the long run must necessitate to my mind increasing the salaries you pay both men and officers. It is just the same in West Africa. The old benefits of Indian service have long since gone. To-day the work is hard and arduous and if you are going to get men to undertake that hard and arduous work it will become, just as it is in West Africa, eventually necessary to pay them more. That leads me, Sir, to the fact that it is open knowledge that we are suffering from a serious shortage of British officers. Now, our Indian Army is worth practically nothing to-day as a fighting machine without its British officers and our National Army of the future has very little hope of maturing unless we can assure to ourselves a supply of the very best officers that Great Britain can send us to train it. This shortage is a serious one and one which I do not wish to minimise.

Now, Sir, I have so far made a certain number of recommendations which rather than leading to economy will lead to increased expenditure. But I do not think that increased expenditure is necessary and I might suggest some of the directions in which funds for that expenditure might be found. My Honourable friend, Sir Sivaswamy Aiyer, has mentioned the value of the cost accounting system in the Army. If he will examine his budget, he will find that we paid one rupee in sixty for accounting. Now, Sir, I do not wish to belittle the benefits that arise from successful audit but that audit can also be expensive and I do not believe that cost accounting in the Army is serving any useful purpose at a time when we are particularly hard up for money. I believe that in England they have abolished it.

Then there appears a field for economy in the question of our hospital establishments. There is a tyrant far worse than the C. I. D. tyrant and that is the tyrant doctor who in the cause of humanity holds a revolver at our heads and says we must have this, that and the other. He is a tyrant whom it is particularly hard to resist, but, Sir, I think that in the amalgamation of our British and Indian hospitals and possibly of our military and civil hospitals, in many instances we have a chance of reducing our overhead charges.

Another point to which I would like to allude is the question of our Auxiliary and Territorial Forces. The recent committee on the Auxiliary and Territorial Forces stated that "we ourselves adhere to the original plan of the Territorial Force as a means of providing national education in military service." With that Sir, I agree. But, if we are to get any true sense of what the real military expenditure is, I suggest that the portion might be excluded or shown entirely separate from our true military expenditure until such time as these Forces have reached a stage of education when they can be taken into effective consideration as a portion of our military forces.

Might I also suggest to His Excellency the possibility of utilising the services of the Indian Stores Department in the question of his purchases? I have also heard considerable criticism on the question of Government trading and the cost of the maintenance of Government factories. I realise that it is at times necessary to maintain factories for technical stores in order to provide a nucleus for expansion during times of war. But I do believe that considerable economy could be effected by a re-consideration of our policy as to whether we could not place this once again with the trade and make such arrangements with them as would be necessary to provide an adequate supply in times of war.

[Colonel J. D. Crawford.]

Another point that I have noted with interest is the debiting to military expenditure of services rendered by the civil departments. That I believe is quite correct. But, Sir, might we have the reverse as well, namely, debiting to civil departments of services rendered by the military? I think that our central finances are burdened unnecessarily with expenditure that belongs to provincial finances, that is, that our provinces are liable unnecessarily to reduce their police forces owing to the fact that at their back they have the military, and I believe that it is not a wise policy to use our military forces in all cases of civil disturbances. This is primarily the duty of the police. The position, Sir, in the Middle East is well-known to the military authorities. All students of military affairs realise that that is the probable theatre of the next military conflagration. That being so, India will find it difficult to remain outside, and in view of these facts and with an intelligent study of our military problems we should be careful in regard to the pressure we put upon the military authorities for economy. There is the Scylla of a jealous Finance Member on the one side and the Charybdis of the constant pressure from the tax-payer through his representatives on the other, pressure which may lead to an undue economy at the safety of the country.

Before closing, Sir, I would like to mention the leakage which now and again occurs in our purchasing Departments. I know that a Test Audit has been carried out and that it has in some directions proved effective. I know also that His Excellency the Commander-in-Chief is always glad to have specific instances of leakage brought to his personal notice. But, Sir, it is a difficult matter to provide the proof that will enable us to bring those specific instances to his notice. Might I suggest to him that he might follow the precedent set by one Railway Administration and appoint a superior officer on special duty to look after and look into the possible cause of leakage?

Finally, Sir, I would refer to the fact that this House is inclined too much to offer political gestures. In questions such as those where problems exist whether you have a British Government or whether you have Swaraj, it is to a true study of those problems that we must look for our future safety. Political gestures may be all right in the right time and at the right place. Their constant repetition is liable to make them ineffective. Therefore I would ask the House when considering the Military Budget that they should pay particular attention to the technical study of the problem because it is of the very gravest importance to India.

His Excellency the Commander-in-Chief: Sir, it is usual for the Commander-in-Chief to take part in this Budget discussion and the House has been sufficiently considerate to listen to me in past years with some attention. But this is the last occasion on which I shall address this House in reference to the Budget and I am going to ask them to bear with me a little if I make somewhat further claims upon their time and if I deal as briefly as I can, not only with the military expenditure but also to a certain extent with the financial problems that we have before us. The last two speakers have made certain references and criticisms most of which will be dealt with at a later stage of this debate by Mr. Burdon and by the Finance Member. But there is one point raised by Colonel Crawford to which I think I ought to refer myself, and that is the problem of the North-West Frontier. He asks definitely whether the Government policy ought not and should not be to advance our administered area

up to the Durand line. Well, I think I shall not be accused of divulging secrets if I admit that that is the policy which we should all like to adopt. But I wonder whether Colonel Crawford realises what that would cost us. I think everybody admits that that is the only really satisfactory and final solution of this problem. But its cost is really excessive. At a time when we are trying to reduce our military Budget, I think the only reason for not engaging in this policy is that it would add many crores of rupees to what has already been spent upon that frontier and that therefore the cost is prohibitive.

Now, I would draw attention, if I may, to the budget figures for the last five years. You have seen in the explanatory memorandum that is before you that a reduction has been made in military expenditure during the course of the last five years, from 87 crores down to 56 crores, a reduction of more than 30 crores, a reduction by more than one-third of the total military expenditure. I do not pretend to claim full credit myself for that reduction, but I should like to point out to Honourable Members that it is a very material reduction. I admit that the main cause of it has been the passage from a period when the aftermath of the wars with Afghanistan and in Waziristan was costing heavily to a period such as we have at present, which I think I can describe as normality. Further details in connection with this reduction have already been given you by the Finance Member, but I contend that it would not have been achieved without the constant and rigid system of economy in which I as Commander-in-Chief have had at least a very influential voice. Another important factor that has greatly assisted us has been unquestionably the results of the Incheape Retrenchment Committee. They have been carried out almost in their entirety, and the only item which still remains to be put into force, is the third cavalry regiment which has yet to be taken off the Indian budget. Notice has been given to the War Office that that regiment will return to England in the next trooping season and it will cease after that to be paid for by India. There have been certain reductions also in the Aden garrison. The disbandment of the Yemen battalion and the reduction of a mounted battery has no doubt helped economy, but that is the sum total of reduction in personnel which was recommended by the Incheape Committee and I for my part during my term of office cannot look to any further reduction in the combatant branches of the army. I do not mean to say that in certain other directions I do not see that further economies are possible. I have already in mind several directions in which money can be saved. But I think the House will acknowledge that it is satisfactory that at the present time, notwithstanding the fact of the whole of the Incheape Committee recommendations including troops not having been carried into effect, we should here and now have reduced the Budget 75 lakhs below that which the Incheape Committee recommended as the first step, namely, Rs. 57 crores. We are now down to Rs. 56½ crores. Not only has this been possible, but we have included in the present figure a sum of Rs. 170 lakhs for the remainder of the surplus officers which, being a non-recurring item, will not appear in the next year's Budget. Another factor that has helped us has undoubtedly been the exchange which has been more favourable on the details of which the Honourable the Finance Member has already more than once read you a lecture. Included also in this figure of 56½ crores is the Revised Pay Scheme which has been on the tapis for some considerable time, which during the last few days has been

[H. E. the Commander-in-Chief.]

approved by the Secretary of State and which will be published in detail on Saturday next. Furthermore, we have been able to include in this figure certain concessions to the garrison in Waziristan concerning which questions in this House have been asked more than once, which I think is only a just tribute to the hardships which officers and men have to undergo serving upon the frontier in the neighbourhood of Razmak. Concurrently with these reductions it has been my duty as Commander-in-Chief to carry through the reconstruction of the army. Honourable Members seldom have opportunities of seeing this side of the military machine, but I was glad to have been able this year to do something in the way of showing them the manœuvres and the review here at Delhi in January last. I should like to take this opportunity of thanking the House for the Resolution that they passed some six weeks ago expressing their gratification at the arrangements that had been made for them to witness those operations. I conveyed that to my subordinate officers who were very much pleased. It has been no easy task to ensure the progress in organisation, training and instruction of the army concurrently with a drastic programme of economy. It has demanded a very careful handling on my part and I candidly confess that, if I had not had the experience of the Great War behind me, which enabled me to discriminate between what was essential and what was not, I should have found it an impossible task. I think the result, in so far as the efficiency of the army is concerned to-day, must be considered satisfactory, for not only has the fighting efficiency of the units greatly improved during the last four years but it has been found possible to provide them with the latest equipment in the shape of long range guns, howitzers, armoured cars, tanks and automatic weapons of all kinds. Moreover, with so many splendid officers, now serving in the army, who possess experience of the Great War, it has been a congenial and comparatively easy task for me to ensure that the lessons of that war have been taken to heart and correctly applied to the units and formations of our present army. I cannot speak too highly of the keenness and proficiency of all ranks, and when I lay down my seals of office, my greatest regret will be the severing of my connection with such a magnificent body of officers, non-commissioned officers, and men. For, after 40 years' experience in the army, I have no hesitation in saying that, so far as that portion of the army is concerned which is now in India, it has never been better commanded and staffed, but I must eliminate from this eulogy, of course, the personality of the Commander-in-Chief.

To some extent the Budget as well as the training of the army has been interfered with by active operations such as the Moplah rebellion, the war in Waziristan, and the many occasions on which it has been necessary to call out the military in aid of the civil power. But happily these regrettable interruptions to our normal progress have passed into history, and we all hope that they will not recur.

It is well, perhaps, that I should say a few words on Waziristan. You will, no doubt, have noticed that there is again in this year's Budget no special grant for this purpose. The reason is that the policy in that country of the occupation of Razmak, and the construction of roads, has undoubtedly had the effect of greatly improving the situation, and though I do not pretend that the Mahsuds have been pacified for all time, we are

now in a far better position than previously to maintain a reasonable standard of law and order in that turbulent country. The construction of the buildings at Razmak and on the lines of communication should be completed before the end of the coming summer, while the damage done to the roads, consequent on the abnormal rainfall last year, has been repaired. I am bound to admit however that various forms of "budmashie" are still practised by the Mahsuds, and that kidnapping in a lesser degree still prevails, but at the same time we have been able to release these kidnapped prisoners more rapidly than in the past and we hope, as time goes on, the Mahsud will cease troubling.

Generally speaking, the situation on the Frontier from Chitral to Baluchistan is satisfactory, though there are elements of danger always present in that turbulent area which require constant attention, for one never knows when they may not develop. Similarly, our relations with Afghanistan may be said to be normal, notwithstanding the fact that Soviet machinations and propaganda have recently exhibited some signs of activity. These small clouds on the horizon need not however give us cause for any serious or undue anxiety unless they develop into cloudy weather, but it would be foolish to shut our eyes to the implications of a *rapprochement* which is undoubtedly taking place between Soviet Russia and China, particularly at a time when China is in a state of chaotic upheaval and when Russian policy in Central Asia is developing on somewhat new lines.

I will pass now to certain matters connected with the army administration which will be of interest, I think, to this House. It would not have been possible to effect the reconstruction of the army unless the higher organisation and control which was initiated by my predecessor and which is known as the Four-Command Scheme had been maintained and developed. Under this scheme the division of India into four Commands has enabled us to carry out a system of decentralisation, which has not only relieved the headquarters of the Army of much of the work of detail by which it was at one time overwhelmed but it has placed the responsibility for minor matters of administration on the shoulders of the man on the spot and thus produced much saving of time and money. I will not take up the time of the House by referring in further detail to this administration, for further particulars are available in the book which I caused to be published to this House last year entitled "The Evolution of the Army in India". Honourable Members can make reference to that book whenever they want to and I hope that quite a large proportion have already read it. This brings me to the results which improved administration has had and is having on the officers and men of the Army. As the House is aware, I have always placed education in the forefront of the military programme. Modern military operations have become so technical that education has greatly increased in importance. The old régime, when the rank and file of an army were designated as food for powder, has passed away never to return. For the modern battle we want men of education who can get the maximum value out of the scientific weapons with which they are provided, and it is for this reason that the training establishments and schools claim so large a place in our military budget. I know it is not everybody that admits that this is necessary. We claim, however, that when we take in a raw recruit, for his 7 or 10 or more years' service, we train and educate him and return him to civil life an improved citizen with a practical education and knowledge of many matters

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which he would never have had an opportunity of learning except in the army and I claim further that the army is fulfilling a great purpose in raising the general standard of ideals of quite a considerable portion of the inhabitants of this country. Nothing that I can say can adequately express my admiration for, and trust in, the splendid type of Indian we now have in our Indian regiments, especially amongst the Indian officers of all castes and of all religions. One of my Army Commanders in writing to me the other day expressed his surprise and gratification at the immense improvement that has taken place during the last two years in the regiments and battalions of the Indian Army. This is highly satisfactory, and I am confident that yet greater improvement will be made under the splendid stamp of British officer which we now have in our units.

I doubt if the House realizes what has been done during the last few years to improve the pay, the pensions, and the general welfare of the Indian soldier, consequently largely on the recommendations of the Escher Committee which sat in 1920. Formerly an unpleasant comparison used to be drawn between the pay of the soldier and the wages of the daily labourer in civil life. There is no room for such comparisons now. The Indian soldier is well-paid, well-fed, and, in most cases, well-housed, but the barrack programme is by no means yet complete, and it will not be finished for at least another four or five years. But it is not only in respect of his pay and accommodation that improvement has taken place. The introduction of the Indian Station Hospital on the same lines as the British Station Hospital has provided him with far better medical care, and the result is abundantly clear in the improvement of the general health of the army. It was suggested by one Honourable Member that in the amalgamation of the Indian Station Hospital and the British Station Hospital an economy could be effected in the overhead charges. Without having gone deeply into the question I should say that the great objection will be difficulty of accommodation. At present both hospitals are suitably and well housed in most cantonments in separate buildings often distant from one another. To combine these into one building would involve considerably more expenditure on barracks and I very much doubt if you are going to get any great economy in overhead charges even when you have a combined Hospital. The Indian Soldiers' Board and its subsidiary organisations cater for the soldier's dependents whilst he is serving, and assist him to re-establish himself in civil life when he leaves the Army. Some time ago I received from the Expeditionary Force Canteen Profits Fund in England a sum of Rs. 38 lakhs to be devoted to furnishing Indian units with healthy outdoor and indoor recreation. The interest on this money is distributed to Indian units annually and, as you may imagine, is very very much appreciated by them. Then there are the India and Burma Military Relief Fund and the Silver Wedding Fund which came into existence as a consequence of the war and which devote large sums to the relief of distress amongst the personnel of the Indian Army and the education of the children of Indian soldiers who fought in the war.

It will, therefore, be evident that the conditions of the Indian soldier have been greatly improved and developed during the last few years. The reductions in the Budget and the improvement in the conditions of the Indian soldier could only have been carried into effect with the whole-hearted assistance, advice and co-operation of my friend the Finance Member

who has at all times been only too ready to furnish me with his valuable advice and co-operation. With his help also a system of cost accounting has been introduced on commercial lines, which enables us to test the efficiency with which any establishment or unit is run. That, as I observe, has been criticised by one Honourable Member in this morning's debate. I have had some little doubts as to whether the cost accounting system is really a paying concern. But, on the whole, and I do not wish to be taken as giving my considered opinion, I think that it is doing useful and satisfactory work. Whether it has come to stay permanently or not, remains to be seen. We have not yet had sufficient experience to say. The creation of the department of the Master General of Supply has removed some of the services which were formerly overwhelming the Quartermaster General and merged them into a separate department under its own control. Working in conjunction with the Indian Stores Department, we now procure what we require for the Army at the lowest price compatible with the adequate supply of the efficient article, and up to the present I have every reason to be thoroughly satisfied with the working

of this new Department of Army Headquarters. It has fulfilled a most useful purpose and has not only effected considerable economies but has placed the reserves and the producing machinery of the country on a thoroughly satisfactory basis, as well as developing Indian industries in this country for the supply of articles which the Army requires and to reduce as far as possible those that are imported from overseas.

Now, I have been asked more than once, and one Honourable Member speaking this morning was anxious to know, whether we were receiving full value for our money, whether our insurance was adequate. I can only liken this question to that of any man who insures his house. You do not know whether your house is adequately insured until that house is burnt down and you see whether the money which you get from the insurance company is sufficient to build another. Well, it is exactly the same with military expenditure. You cannot tell whether the insurance is sufficient until you have put it to the real test of war and until you have won a campaign against your enemy. But this I can say, that if we look firstly on the improved efficiency of the Army during the last two or three or four years and on the other hand at the reduction that we have made in military expenditure, I can say this, that you are getting better value for your money to-day than you did two, three or four years ago. (Hear, hear.)

Now, Sir, I feel that I have already encroached too much upon the time of the House. But there is one question to which I think I ought to refer before I sit down. It is a subject which I know is very close to the hearts of my Honourable friends here. It is of first importance, and it is further one which I think in my position as Commander-in-Chief I ought to refer to before I sit down. We have already on several occasions discussed portions of it across the floor of this House, but, as this is the last occasion upon which I shall address you, I feel it is my duty to set forth my considered opinion on this vexed question of Indianization, of the creation of a national army which will make India self-supporting in matters of defence. I may say that ever since I arrived in India as Commander-in-Chief this question has been engaging my most earnest attention, and I have examined it in all its aspects and from every point of view. The conclusions at which I have arrived are I know at variance with the expressed views of many Honourable Members in this House,

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and I doubt if anything that I may say now will induce them to modify their opinion. But that is no reason why I should not be perfectly frank with this Assembly and give them my opinion for what it is worth. After all it is only an opinion, though it is formed by one who has had some experience of what an army ought to be and has devoted much time and study to this most vitally important question. One of the first difficulties with which we are confronted is that it is no simple matter to create a national army in India, because India is not a nation. (A Voice: "Question?") And I do not think that any Member of this House can really believe in his heart that India is what we call a nation. That is the difficulty we are confronted with here—the want of homogeneity in the peoples. There are so many different interests, different religions, different castes, different ambitions scattered over this immense country which we want to weld together into one uniform fighting machine. That is our chief difficulty. Honourable Members are anxious that Indianization of the Army should proceed at high speed. I do not think they are quite clear as to whether they would get rid of the whole of the British officers, including the Commander-in-Chief, in the next 5, 10, 20 or 30 years. (A Voice: "Why not?") Well, I say you have not made up your mind—or whether they would retain a certain proportion of them for a longer period. I say, I do not think you have made up your minds; some Members say one thing, some another. (A Voice: "You do not allow us.") Oh yes, we do. My own view is that you will not be able to do without a large percentage of British officers and still be in a position to defend India successfully for many many years to come. (A Voice: "How many?") I leave you to guess. In the meantime we must do all we can to give to young Indians the best possible chance of becoming efficient officers and taking up the army as a career. I attach more importance to quality than to quantity, for I feel that every Indian Cadet, who now enters the Dehra Dun College or Sandhurst, who fails to make good as an officer is going to increase the difficulty which we must eventually overcome when the 8 units now in process of Indianization come to be tested in the stern school of war. It is for this reason that I have attacked the problem at its foundations and devoted paramount attention to the education of Cadets and the increase of Indians at Sandhurst. The Dehra Dun College is admirably fulfilling expectations, but it requires to be increased in order to supply a larger number of Cadets for Sandhurst and this will be done at no very distant date. The creation of the King George's School and the building of the Kitchener College will greatly assist the education of the sons of serving and retired soldiers, from which excellent material we shall, I am confident, be able to find a proportion of our future officers imbued with the martial spirit and accustomed to habits of discipline and hardship which are essential requirements of the officer of the present day. The plans for the Kitchener College are already settled. The College will furnish a cheap and comprehensive education for the sons of Indian officers and men of the army. It will deal only with those who intend to make the army their profession and will be conducted on lines similar to Dehra Dun and analogous to Sandhurst. It is only awaiting the allotment of funds to break ground and to commence the building.

Since I last addressed this House the report of the Auxiliary and Territorial Forces Committee has been published and is in the hands of Honourable Members. It contains, as you will have observed, several very far reaching recommendations especially regarding University Training

Corps, which if accepted by the Government and the Secretary of State will have a marked effect on the Indian Army of the future. In a recent debate in this House I signified my willingness to accept a similar committee to examine and to report on matters connected with the military education of and the supply of Indians for commissions. The House did not think fit to agree with me and pressed for wider terms of reference and an increase in the scope of that inquiry, because no doubt they clung to the idea that the rate of Indianization could be accelerated by such an inquiry as they envisaged. I think they were wrong, and I am sure they will imperil the success of the eventual scheme if they continue to try and force the pace. So long as I am Commander-in-Chief I shall resist strenuously any such endeavour, for I know that by so doing you are only courting disaster. If a false step is taken now at this initial stage, it will not merely affect the future efficiency of the Army, but it will seriously compromise the question of constitutional progress which Honourable Members have so much at heart. That is inevitable, and I will not be a party to measures which in future years may be fraught with such vital consequences.

I have constantly advocated that whatever steps we take now to train Indian officers for King's commissions must be done exactly on the same lines as the steps we take to train our British officers. Nothing less efficient will do, and, moreover, it would not be fair to the Indian. Everything will depend on this the first generation of Indian officers that we are now creating, and it is imperative that we shall follow the best methods known to us, and give to Indians the same opportunities of education and training which we give to their British comrades. Even if this is done, we are not even then clear of our troubles. As you know, we are now in process of Indianizing 8 units in the Army. I find that service in these 8 Indianized units is not popular amongst Indian Cadets coming out of Sandhurst, though so far I have not had any direct refusals to join them. But it is not a healthy indication, especially at a time when we are doing all we can to encourage Indian boys to take up a military career and to enter Dehra Dun. The relations between the British and Indian officers in the Army are to-day so intimate, so loyal, and so full of trust, confidence and respect, that I am not surprised to find that Indian cadets prefer to serve in units where they will be associated with British officers. It is to this loyal co-operation between the splendid representatives of both races that the efficiency of the Indian Army of to-day is very largely due, and, as far as I am concerned, I will do nothing that can possibly discourage it. We are experimenting with the Indianization of 8 units of the Army. The experiment must be carried through. It may succeed, or it may not. That remains to be seen, but, whatever happens, the experiment must be tried out, and not plucked out by the roots to see how its growth is proceeding.

In conclusion, I can assure the House that I have given this great problem of Indianization my very best attention whilst Commander-in-Chief in India, with all the knowledge and experience that I possess, and with a very sympathetic interest in what I know to be the aspirations of this House. I can assure the House that when I lay down my office I shall not cease to take a similar interest in this problem, and, if it should be within my power in future years to assist in any way in its solution, you may be assured that I shall not fail to approach it with that same sympathy and understanding, and on the basis that India must have the best and nothing but the best in constructing the foundations of her future

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Army. The problem is so full of conflicting interests, so complicated by racial and religious influences, and so intimately connected with the future political development of India, that it would be dangerous in the highest degree to risk the consequences of a rash or a false step. If this House would regard the problem from a wider aspect, and get away from minor details and racial competition, it would be more likely to win the confidence of those who are responsible for any scheme of Indianization, and with whom the final decision of this vexed question must ultimately and inevitably rest. (Applause.)

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

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

Sir Gordon Fraser (Madras: European): Sir, I do not intend to waste my twenty minutes making pretty speeches about the Finance Member, but I would just like to congratulate him on the excellent report he has given of his stewardship; also the fact that he has at last been able to make a start in the remission of provincial contributions is a matter for gratification. I would like to take this opportunity of thanking my Honourable friends from Bombay, Sir Purshotamdas Thakurdas and Mr. Cocks for the very friendly remarks they made yesterday in their speeches, and we, in Madras, very much appreciate the sporting attitude they have adopted towards Madras in connection with the provincial contributions. I hope it will not be long before the provincial contributions are wiped off the slate altogether and when that is a fact I am quite sure that Madras cannot refuse to come in on a general reconsideration of the whole question of the division of the revenues of India as between the Central Government, Provincial Governments and Municipalities and Local Boards; but I contend that until that time arrives, until provincial contributions are wiped off the slate, no reconsideration of the question is possible.

I was particularly interested in the remarks of the Finance Member in connection with Exchange. To me his remarks appear very sound indeed and I would like to say a few words on that subject. I must admit that I do so, Sir, with very considerable diffidence as this question of exchange is an extremely difficult one and it is one that an amateur is rather loath to embark upon, especially in the case of speaking in public. Reference has been made in this House on several occasions to those very clever and able financiers in London who are such experts in manipulating financial and money matters in such a way that it is always to their own interests; in fact I think it has been implied that they are distinctly unscrupulous. Well, Sir, these admittedly able and clever financiers have for some years now been doing their very least to restore and appreciate the currency of their own country. But what do we find on this side? We find that the financiers in India, business men of standing, clever men, advocating exactly the opposite policy; they are trying by legislation to depreciate the currency of their own country. Now, Sir, I have come across no arguments—nor can I conceive of any arguments—that would show that a country gains by depreciating its own currency. The point which I particularly want to emphasise and one which I think is obvious is that a reduction in the rate of exchange would enhance the price of

all commodities in India. If you take the case of the staple food of the country, rice, with exchange at 1s. 6d., a pound sterling will purchase a unit of rice for which the producer would get Rs. 13½. If you drop it to 1s. 4d., that producer will get Rs. 15 for the same unit of rice. It seems all right for the producer. But what about the general public? What about the work-people, the poor people of the country? The price of rice in the country must rise if the producer is getting Rs. 15 from foreign buyers for his rice. He is not going to sell it to consumers in the country for Rs. 13½. The producer may benefit, but the general public, the man in the street, the consumer, would be the one that would suffer. That same argument holds good in the case of all produce, wheat, cotton and in fact all produce of India. A low exchange would doubtless stimulate exports temporarily. But the result would certainly be a rise in the prices of all commodities and a rise in the cost of living detrimental to the country as a whole and to the consumer. In the case of imports, a depreciation in the currency would have exactly the same effect. The 350 million people of India would have to pay Rs. 15 for a pound's worth of goods for which previously they paid only Rs. 13½. So, whichever way you look at it, either from the point of view of exports or from the point of view of imports, the position by depreciating your own currency is against the consumer, and is against the country as a whole. The poor man may not use much in the way of imported goods, but he cannot get away from the general rise in prices which would result. The result would be a rise in prices all round followed by labour unrest, and also a rise in the rates of wages because the purchasing value of the rupee would be reduced and the work-people would not be satisfied unless their wages are increased accordingly. This agitation for lower exchange comes mostly from the industrialists, but I do not think that the industrialists themselves would have it all their own way. Take, for instance, the cotton industry. They might get rather more rupees for the goods they export abroad but, on the other hand, they most certainly will have to pay more for their cotton. They will have to pay more for their imported stores and machinery, for their coal, for their railway freight and in turn they must charge more for their products which they sell to the consumer. It is the same thing with the coal mines. Mining companies will have to pay more for their imported stores and machinery, for their labour, for their railway freights. And even in the case of railways you get the same thing—higher prices for imported stores and materials, for your labour, for your coal, and, as a result, increased rates for goods and passengers. Then, when you come to the ordinary consumer, you will notice that he is the man who suffers all round. The price of everything goes up against him, *e.g.*, clothing, food-stuffs, travelling, etc. The whole thing is a vicious circle and one thing reacts continually on the other. It is no argument, as I said before, to say that the working people or the poor people do not use imported goods to any large extent. They may not do so. But, on the other hand, they cannot possibly get away from the enhanced prices resulting from the depreciation of the rupee. I do not propose to touch on the question of the depreciation of the rupee as it affects taxation and the credit of the country, because, I think, the Honourable the Finance Member has dealt very fully and satisfactorily with these points in his speech on Saturday last. The question of exchange, as I said before, is an extremely difficult one and an amateur is rather loath to embark on a discussion of it. There are two points of view, however, that in my opinion are axiomatic. The first is the desirability of a stable exchange. The next is that the depreciation of the currency of a country cannot possibly be to the benefit of

[Sir Gordon Fraser.]

that country. Sir, I think the Honourable the Finance Member deserves the gratitude of all those engaged in commerce and industry and of the general public for his recent efforts to prevent the violent fluctuations in exchange which are so detrimental in every respect.

Another point I would like to draw attention to is that the rate of exchange ruling recently, for some months at about 1s. 6d. has had a detrimental effect on the export trade of this country. We have heard no companies of India not being able to dispose of its surplus commodities and so far as I know the export trade of India is not in need of any assistance by artificially depreciating the rupee by legislation.

Another point I would like to refer to is the question of the sinking fund. The Government of India definitely announced their intention of devoting 4 crores and odd to the sinking fund and if this Assembly now starts playing about with this and reduces the amount by 75 lakhs, it is absolutely certain that we shall have to pay more than that amount in excess interest when the big programme of conversion and new borrowings comes along. During the next three or four years, I understood from the Honourable the Finance Minister's speech the other day, it will be necessary to redeem 95 crores of debt. That debt at present carries interest of 5½ or 6 per cent. The great point is to re-borrow it below this rate; and if we start tinkering about with the sinking fund, I am sure that will not be possible. We cannot go back on the announcement in regard to the sinking fund and nobody knows better than business men how very sensitive markets are. Many markets are swayed, as all business men know, by sentiment very often more than by fact. At the present moment the Government have made this pronouncement and it is a matter of strength to them and to the financial credit of the country. A strong position like that gives the general impression of a considerable amount of hidden strength behind it. But if you reduce the sinking funds, it immediately becomes a sign of weakness and also gives the impression of considerably more weakness than is actually the case. In other words, the strength shown is exaggerated. On the other hand, the weakness shown is also exaggerated. And if you try to put the difference between these two conditions in rupees, annas and pies in the form of the interest that we will have to pay on new borrowings, I think it will amount to an enormous sum. Criticise the sinking fund if you like and criticise the policy of the Honourable the Finance Minister, but the sinking fund is an accomplished fact. Leave it alone. The present position reminds me rather of one of the war pictures in *Punch* where the sergeant boxed the ears of a stupid cockney recruit. His friend sympathised with him by saying " 'E didn't ought to do it ". The reply of the injured one was: " It don't matter whether 'e did ought to do it or 'e didn't ought to do it; 'e done it, didn't 'e?" It is exactly the same position with the Honourable the Finance Member, and I do not say whether " 'e did ought to do it " or " 'e didn't ought to do it ", but " 'e done it, didn't 'e?" Therefore, we should leave it alone.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): I am afraid, the Honourable Member has used the expression in the sense as if the Honourable the Finance Member was not justified in doing it.

Sir Gordon Fraser: Another point to which I would like to draw attention is this. I would like to put in a strong plea for the transfer of the Trade-

Commissioner's office in London from the West End back to its old home in the city. I won't deal at length with the excellent work done by the Trade Commissioner. No one questions this, but I do contend that the place for his office is certainly in the business centre and not in the West End. Honourable Members are all no doubt aware that Mr. Chadwick's office in the past was in Old Broad Street, which is a good centre. This transfer was made in accordance with the recommendations of the Incheape Committee. But I venture to think that the saving effected was trivial as compared with the inconvenience and the detrimental effect it had on the usefulness of the Trade Commissioner's work. The West End is too remote from the business quarters and it removes that personal touch which the Trade Commissioner ought to have with the business world of London, and which I consider so important. Now, I would just like to mention the main ground on which I ask for this transfer. The Trade Commissioner's office is most useful to small firms and Indian traders. Many large firms and big companies have their London houses and they don't use the Trade Commissioner's office to the same extent as the smaller people. Certainly the Trade Commissioner is useful to them but he is more useful to the smaller people, and in the interests of the smaller firms and the Indian traders I hope the Government will seriously consider spending that extra few thousand rupees and move the office back to its old haunts.

Before I sit down I would like to bring up again the question of an export duty on raw hides. I see the Honourable the Commerce Member is smiling—I know he won't do it. The exports of raw hides have been growing in volume and value. The exports of tanned hides have been going down. The price of raw hides in India at the present moment is about 100 per cent. more than it was a couple of years ago. You have only to study the figures to see that the bulk—I suppose it must be something like 95 per cent.—of the exports are taken by Germany, Italy and Spain. Now, these countries will not allow a single tanned hide or piece of leather to be imported into their countries from India. They have built a strong tariff barrier against it. They take the raw hides but they will not touch our tanned leather. I consider the tanning industry is seriously hit by this large export of raw hides and under the circumstances I think that I am quite justified in asking the Government of India to reconsider the question and put up the duty again to its old figure of 15 per cent.

There is another point I would rather like to refer to. Reference has been made on several occasions to the large sums paid in income-tax by Bombay and Bengal in comparison with the other Presidency. Now, you have only to look at the figures to see how very favourably Madras compares with either Bengal or Bombay as to the amount of income-tax collected. Madras collects very nearly half as much in income-tax as Bombay does. Now, when you consider the wealth of Bombay as compared with the wealth of an agricultural province like Madras, I think you will agree that Bombay ought to collect at least ten times as much as Madras. Another point in the case of Madras is that the big produce firms, who do 90 per cent. of the produce business, the banks, insurance companies, shipping companies and large business firms have their head offices in Bombay or Calcutta and their income-tax is paid in those towns; it is not paid in Madras. Now, in any consideration of the question Madras should be given credit for this. As I said before, I consider the amount collected in Madras compares very favourably with Bombay and Calcutta. You must study the figures and compare the wealth and income in each place.

[Sir Gordon Fraser.]

I suggest to the Honourable the Finance Member that it signifies a considerable leakage in Bombay and Calcutta, and I would also suggest to the Honourable the Finance Member that he should try the experiment of swopping the staffs of the different principal towns. If he would put our Madras staff, the superior officers and the subordinates, in Bombay or Calcutta, I would like to bet him ten to one that he would double his income-tax receipts. Try the experiment and see.

Mr. K. Venkataramana Reddi (Guntur *cum* Nellore: Non-Muhammadan Rural): As a representative of a rural constituency and having been mainly dependent on agriculture, I can only look at the Budget from a cultivator's point of view. India, Sir, is essentially an agricultural country and her prosperity must be, for many years to come, dependent mainly on her agriculture. "The natural advantages of climate and soil, the abundance of labour, the industry and thrift of the peasantry and the accumulated experience of generations engaged in practical husbandry have enabled her not only to feed her vast population but to produce a large surplus for export and thus to purchase a steadily increasing amount of foreign manufactures". It is this large surplus for export that is made available by the industry and thrift of the peasantry that is enabling Government to get most of the 46.35 crores of revenue on customs. Mr. Ganguli in a letter to the *Times of India* says:—

"The policy of all stages of Constitutional Reforms given to India has been largely dominated by urban interests and only those familiar with rural life in India, realise to what extent the idea that Government do not stand by the rural classes is slowly creeping into their mind. * * * The danger lies here, and until the Government range themselves upon the side of the masses and remove those economic conditions which impede progress in agriculture and rural industries, no change in the constitutional machinery will soothe the growing revolt of the masses against the existing order."

Sir, no one who is really acquainted with the rural conditions in India, can deny the truth of the above remarks. Government, I am sorry to say, have almost from time immemorial exclusively concentrated their attention to please and placate the urban classes. They have all along been engaged in looking after the wants and requirements of the urban classes only. The rural population of India do envy the comforts that the urban classes enjoy in the way of splendid roads, universities, good hospitals, etc. While the latter get all the amenities of civilised life, the former have had to be content with profuse lip sympathy. Sir, the British nation boasts of its being the guardian and the trustee of the Indian masses and this half-truth is given as a reply whenever a plea for constitutional advance is put forward.

Sir, it is well known that 90 per cent. of the Indian population lives in villages and it is an irony of fate that in ninety-nine out of a hundred villages there are no amenities of civilised life. All that this 90 per cent. of the Indian population can boast of is ill-paved and ill-lighted lanes and no facilities either for education or medical relief. Professor Rushbrook-Williams has well put it when he says in his book, "India in 1923-24," that the average village is little better than a collection of insanitary dwellings situated on a dung-hill. If the villager wants to educate his children, he has to send them far away from his abode and if his relations are sick, he has to take them to a distant town for medical advice. Sir, this is a pathetic and miserable state of affairs and it has led to the very real discontent of the masses who feel almost every moment of their lives

that the Government are extremely unsympathetic towards them. Sir, the masses constitute infinitely more than the urban classes to the State exchequer and it is the latter who reap all the benefits. Of course, they do not grudge them their due but it is painful to notice that they are woefully neglected, which has left them discontented. If Government had shown even a tithe of the sympathy and solicitude for their welfare which they have shown for the urban classes, they would not have been so discontented and disappointed to-day as they assuredly now are. What is wanted is a clear and comprehensive programme to help the masses out of their social and economic bondage, and if such a programme is framed and earnestly and vigorously worked, it is still possible to convince them that Government are not unmindful of them. Sir, I ask Government to justify their words that they are the custodians of the masses by sympathetic action. I am not unmindful of the fact that all the Departments of administration which deal with the masses, are under the rules cast to the lot of the provinces and that they are also transferréd. But no one can deny that even the Central Government revenues are to a large extent derived from the labour and industry of the masses. Sir, the task of uplifting them from their abject poverty, ignorance, disease and indebtedness, has to be undertaken, and the sooner it is done the better. Sir, in this connection I heartily endorse the suggestion put forward by Mr. Ganguli for the appointment of a Commission to conduct an exhaustive inquiry into the rural conditions of India, so that Government may formulate a comprehensive scheme for revitalisation of rural India. Such a step as Mr. Ganguli rightly remarks would at once show that "the present Government was truly solicitous for India's economic welfare, and that Parliament did not absolve itself from the responsibilities of improving the lot of the masses." Recently I read in the papers with much delight that Lord Birkenhead is contemplating the appointment of a Royal Commission to investigate into the conditions of rural India with a view to improve its lot. I do not know how far it is true and I would heartily commend this problem to the Government of India, for after all, it is they that have to make a move in this matter, and unless rural reconstruction is undertaken in the near future, the discontent of the masses may take a deep root, which, I submit, may endanger the safety of India.

As I have pointed out already, agriculture is the mainstay of the rural population of India and it is imperatively necessary that the modern scientific methods should be brought home to them. Ever since the Agricultural Department was inaugurated in 1904 by Lord Curzon, Government, it must be said in all fairness, are doing something in the matter but their efforts in this direction are far too disproportionate to the real needs of the country. The demonstration farms established are very few indeed compared with the population who are engaged in this occupation and the area cultivated. Sir, though the Indian peasant is conservative, he readily adopts the scientific methods, if their utility is brought home to him and I submit that unless this is done by establishing demonstration farms at least one in every district, if not in every *Taluq*, the utility of the Department cannot be felt to an appreciable extent. These farms should be attached to schools established to teach modern methods of agriculture in the vernacular. I hear that a new scheme teaching scientific agriculture in the vernaculars was inaugurated in the Punjab. I would desire such a scheme extended to every province in India. Sir, it must be painful for this House to hear that the total charge at present involved to satisfy the needs of agricultural improvement in this country

[Mr. K. Venkataramana Reddi.]

is $\frac{1}{2}$ d. per acre per annum, while the average burden that per head of population bears in paying land revenue ranges from Rs. 2-1-0 to Rs. 4-18-0. There are many disabilities which the Indian cultivator suffers from the land revenue system as at present obtaining. I do not know what the reasons were that led the Government of India to exclude land revenue from the scope of the Taxation Inquiry Committee. Sir, here is a signal proof that the Government does not care very much for the interests and welfare of the cultivator.

Sir, the Indian cultivator at present mainly depends upon his cattle for agricultural operations. There are about 146 million cattle in India and it is humiliating, Sir, to hear that 60 per cent. of the cattle are underfed. Numerous cattle die every year from diseases and the veterinary hospital established by Government are few and far between. There are not more than 600 veterinary hospitals for the whole of India and no wonder that timely help and advice are not available to the peasant to save his cattle from wholesale destruction at times.

Enormous economic loss is caused by the inaccessibility of the agricultural districts in the rainy season as the total mileage of metallic and non-metallic roads is only 216,000.

The Post Office facilities, not to speak of telegraphic, are very few indeed compared to the number of villages in India and no appreciable progress is made in spite of the increase in postal rates.

In the matter of cotton cultivation, it is pleasing to see that Government are doing something in this direction. The main reason why Indian cotton suffers from not securing the first place in the world market is the illicit admixture that has been going on between the long staple and the short staple cotton. The Cotton Pressing and Ginning Bill, if passed into law, is a useful measure in this direction and let us hope that Government will do its best to prevent this admixture which is depriving the cotton cultivator from getting the maximum price for his cotton in the world market.

Sir, it is with some regret that I bring to the notice of the Government the fact that the Indian cultivator is suffering a heavy loss from the depression in the indigo trade. Indigo cultivation at any rate in my parts is the second crop which the *ryot* looks to after the harvest of the first paddy crop. 90 per cent. of the cultivators have given up cultivating indigo plant because the game is not worth the candle. We all know that the synthetic dye from Germany is at the bottom of the depression in this useful cultivation of indigo plant and Government's unsympathetic attitude towards the Indian peasant is again revealed in not putting a heavy duty on the German dyes to give relief to the indigo industry in India. The other day I put a question on this subject and the Honourable Mr. Bhoré was unable to say anything more than that information was being collected. In the matter of manures which the Indian peasant is in great need of, Government have done very little. The Board of Agriculture recommended that certain steps should be taken to improve the Indian fertilisers and Government have not seen their way as yet to adopt them. In reply to another question of mine on this subject they said that they were awaiting certain other papers in this matter. In this connection I have to bring to the notice of the Government the permanent and irrevocable loss that the productive capacity of the Indian soil suffers from the export of bones, and its continuance is to be regretted because the Indian mineral resources

are not abundant in phosphatic deposits of value and in a country where the predominant industry is agriculture the most deleterious effects on the productive capacity of the soil are seen in the continued exports of phosphates in the form of bones. During the year 1898—1913 the annual export of bones from India amounted to nearly 100,000 tons valued at £361,129. I wish the Government would come to the help of the agriculturists of India by putting a heavy embargo on the export of the most valuable manurial agent in this country.

In connection with the sugar-cane industry Government have neglected the interests of the Indian cultivator. India, in spite of the abundant facilities to grow sugar-cane, is not able even to cope with the demand for internal consumption, not to speak of exporting that commodity. India imports a large quantity of sugar, the import in 1922-23 amounted to 442,000 tons and much scope in the expansion of sugar-cane cultivation in India is evident from the fact that on account of the duty imposed by Government on foreign sugar for revenue purposes, the production of refined sugar in India increased from 2·59 millions to 2·93 million tons and is bound to increase more if necessary steps are taken by Government. The Budget, Sir, contains very little which is helpful to the Indian peasant except perhaps the short relaxation given to the provinces, which, I am sure, would be utilised by them for his betterment and he longs to look forward to the day when the provincial contributions are not counted upon by the Government of India for their upkeep.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): *Sir, the only reason why I wish to intervene in this debate is the speech made by His Excellency the Commander-in-Chief. Sir, the pronouncement which he made on behalf of the Government of India is one which in my opinion is not only amazing but most disappointing. We cannot allow that pronouncement on behalf of the Government of India to pass unchallenged on the floor of this House. I therefore, Sir, do not wish for a single moment that the impression should go abroad that we were sitting here silently.

^{3 P.M.} But I do not wish to deal with that pronouncement on this occasion. I shall seek a proper opportunity and I shall at once give notice of a censure on the Army Department when that head comes up before us for discussion. Then, Sir, we shall thresh out this question of the Indianisation of the Army once more and I hope that I shall be able to convince this House that the Government deserve absolute condemnation and censure.

Mr. Chaman Lal (West Punjab: Non-Muhammadan): Sir, the only reason for my getting up to speak on this occasion is to offer a comment on the speech delivered by His Excellency the Commander-in-Chief, and I am glad to note that the Honourable Mr. Jinnah has made it clear that this House does not accept the pronouncement of His Excellency the Commander-in-Chief and that we are prepared to condemn that statement of His Excellency without the least reservation. What is that statement? That statement amounts to this that in the opinion of His Excellency the Commander-in-Chief the time has not come, the time is not likely to come for centuries, for the Indian Army to be Indianised, and the reason he gives is this, that he will not go in for any rash experiments, that he is convinced that India is not a nation and that therefore it is impossible for him to concede the demand for Indianisation made by the representatives of the people of this country. It is, to my mind, a most amazing argument.

* Not corrected by the Honourable Member.

[Mr. Chaman Lal.]

India is not a nation, therefore India must not have an Indian Army! His Excellency said that India is not a nation. The moment that His Excellency made that statement there were shouts from all parts of the House questioning the validity of that statement. Sir, the mere fact that we are here from all parts of India representing our country is enough to prove that we are a nation and that we stand as a nation to demand our rights. Does His Excellency know that France was once not a nation in the modern sense and yet France had a national army? That Germany in the sense in which he uses that expression was not a nation and yet Germany had a national army? Does he not know that the various distinctions that he has brought forward in this House between caste and creed are prevalent with equal effect in all countries in the West? If you go to England and see the division between class and class in that country you will find a division there the kind of which you do not find here in India. You will find different classes separated into watertight compartments, speaking different languages, and with manners different. My Honourable friend scoffs when I refer to the question of language. Perhaps he speaks a very refined language himself and has never come across those who are generally known as cockneys in England. Let him go down the slums in England and see whether the language spoken there is the same that he speaks. He will find that there is a world of difference between the language spoken by him and that spoken by the poor slum dwellers. You will not find in this country that accentuated social division between the rich people and the poor people so distinctly marked out as you find in western countries. Caste has been brought up time and again and thrown in our face in order to divide us. Does His Excellency not realise that that system known as the caste system is merely an economic system and not at all a religious or a political system? (*A Voice*: "Social.") My Honourable friend says it is a social system. He does not know Indian history. Let him look at Indian history and he will find that it is an economic system and not a social system. Sir, I am really surprised that any person in high authority should take it upon himself at this hour in the history of our country to say that because India is not a nation therefore the Indian army shall not be nationalised. I believe, if I am not mistaken, that the Army Department themselves consider that, if they were to Indianise the soldiery—take one department alone—India would thereby be saving a sum somewhere near Rs. 9 crores every year. Why is it that they will not Indianise the Indian army? They will not do it because the Indian army is not used for Indian purposes at all. It is not carrying out an Indian policy. It is carrying out an Imperial policy. The Indian army is kept in this country, not to safeguard the interests of this country but to safeguard the interests of Great Britain throughout the East, to safeguard that policy of Imperialism which Great Britain has taken upon herself to advocate throughout the East. If you say that you do not agree with me, perhaps you will permit me, in order to convince you, to read to you just one little extract. (*A Voice*: "From whom?") From whom! If you will only wait and have a little patience I will give you the name of the author. Perhaps you have heard the name of Mr. Buchanan who was a member of the Government of India. He said:

"In so far as the military defence of India is concerned, India pays everything and the United Kingdom nothing, and yet the maintenance and the military defence of India is one of the greatest of Imperial questions. The military strength of India is the main factor in the strength of our Empire in the East: In virtue of that strength Great Britain is a great Asiatic power."

I will give you another quotation and will give you the name of the author lest my official friend on my left should feel suspicious. The name of the author is no less than the Government of India themselves. The Government of India in the year 1896-97 spoke with great frankness in the quotation that I am going to read:

"Millions of money have been spent on increasing the army in India, on armaments and fortifications to provide for the security of India not against domestic enemies or to prevent incursions of warlike people of adjoining countries but to maintain the supremacy of British power in the East. The scope of these great and costly measures reaches far beyond Indian limits and the policy which dictates them is an Imperial policy. We claim, therefore, that in the maintenance of the British forces in this country just and even liberal views should be taken of the charges which should legitimately be made against Indian revenue."

This is what the Government of India once thought and it was a very different cry from the one that we have heard this afternoon from His Excellency the Commander-in-Chief. Not one word has been said about that policy, that Imperial policy which governs the maintenance of the British army in India. That is the root cause, that is the real reason. Why don't you be honest with yourselves and honest with this country and say definitely that you are maintaining the British soldiery in India not because you want to safeguard the interests of India but because you want to safeguard the interests of the British Empire in the East? That, Sir, is the sole reason, and it is no good coming here and trying to rake up reasons which are no reasons at all and give us excuses which are mere pilfering, prevaricating excuses, and say that India is not a nation and that therefore the Indian army shall not be nationalised. You have noticed how in the furtherance of this policy of Imperialism in the East the army expenditure has gone up by crores year after year. In 1864 what was your expenditure? Rs. 14½ crores. To-day what is your expenditure? Rs. 57 crores. You say you have brought down your expenditure by Rs. 30 crores during recent years and that it is a great feat that you have performed! I say it is up to you now to bring down that expenditure to the minimum. Remember the needs of this country. Remember that India does not require an army of the magnitude that you instal here. You have got this army because you know that British rule would be impossible without a standing army of this nature. You know that. You do not want to Indianise the army because the moment you do that you are afraid your rule in India and your sway in the East will be at an end. Let us be honest. Let us not take shelter behind arguments which are false arguments, and reasons which are no reasons at all, and let us commend to the House the view taken by the Government of India once upon a time—a view which the Government of India to-day would do well to foster and to follow.

Mr. E. Burdon (Army Secretary): Sir, in the short space of twenty minutes which is allotted to me it would be physically impossible to answer all the points which have been raised by Honourable Members in the course of this debate, and if I do not touch on certain matters, I hope that Honourable Members will understand that I shall be perfectly prepared to discuss them outside the House, and in particular, to discuss those suggestions for the improvement of our procedure which have been put forward by my Honourable friend Sir Sivaswamy Aiyer. I naturally will not deal on this occasion with the question raised by my Honourable friend Mr. Jinnah since he himself has merely given notice of his intention to raise it on another occasion. I also do not propose to deal with the points raised by those of our critics who seem to regard the army as an institution which

[Mr. E. Burdon.]

may perhaps be useful in war but is an unnecessary expense in peace. My Honourable friend from Bombay, Mr. Cocke, I think, has sufficiently answered those arguments. I also do not propose to attempt to answer what was said by my Honourable friend Mr. Abhyankar except to express my astonishment and a certain amount of dismay that he did not know of the existence of the Indian Ordnance factories and of the work which they perform. In those factories there are manufactured not only all the rifles which are used by the Indian army but also artillery of certain calibres and in addition some of the most complicated component parts of modern artillery and other lethal equipment. There is not the slightest doubt that the Indian Ordnance Factories are amongst the most valuable military and industrial assets of India.

Mr. Rangaswami Iyengar: Are there any Indians in those factories?

Mr. E. Burdon: I have stated the facts on that point on several occasions to this House and I may add that His Excellency the Commander-in-Chief at the present moment has under consideration a proposal to provide facilities by which Indians who have obtained the necessary engineering degree may obtain in the factories workshop experience as probationers, which it is otherwise difficult for them to obtain.

Now, Sir, there is one point which has been raised in debate to which I think I must give an answer. It is the suggestion that Government have not carried out what they should have carried out inasmuch as the estimates for next year have not been reduced to the figure of 50 crores mentioned by the Incheape Committee. I am not going to do very much more than mention the point because I am quite sure that Honourable Members of this House know perfectly well that the report of the Incheape Committee never envisaged the possibility of the reduction of military expenditure to 50 crores in 1925-26. A study of the exact terms of the recommendations of the Committee would, I think, lead to the impression that the Committee did not even expect us to get down below 57 crores in 1925-26. The fact is, of course, as was stated by His Excellency the Commander-in-Chief this morning, that we have passed to some extent the first objective laid down by the Retrenchment Committee and I wish to emphasise in this connection that in regard to certain specific matters also we have effected more economy than the Incheape Committee proposed. I am referring here to the reduction of the garrison at Aden and in the Persian Gulf and also to the very considerable reduction in the number of medical officers of the superior grades in the military medical services. Again, Sir, I venture to submit to the House that my Honourable friend Mr. Goswami did not do full justice to the military estimates for next year. He dwelt a good deal on certain non-recurring items of receipt which the estimates contain but he did not mention with equal emphasis the non-recurring items of expenditure which also occur, particularly a very large item of 170 lakhs for terminal charges connected with the disbandment of surplus officers. My Honourable friend also suggested that there was large military expenditure which is not classified under the military head. Well, Sir, it is a very difficult thing to say where military expenditure ends and civil expenditure properly begins and I do not propose to discuss that point. The essential point to look to is whether we are comparing like with like, and, so far as the military estimates for next year are concerned, I can safely say that they exclude no charge which was previously classified under these estimates. On the contrary, they include next year

a new charge which has never been debited to the military estimates before, namely, a sum of 13 lakhs for printing and stationery. This change is in pursuance of the process of commercialising army accounts which has been going on for some time. Honourable Members will remember that attention was drawn last year to the fact that the army estimates now includes charges on account of customs duty for imported military stores. I can assure the House therefore that the Honourable the Finance Member's appreciation of the military estimates for 1925-26 and the relation which they bear to the estimates of previous years is substantially correct and is certainly more correct than that which my Honourable friend presented to the House. As His Excellency the Commander-in-Chief stated this morning, we have in mind certain further economies and I feel therefore that the Honourable the Finance Member is fully justified in his prophecy, or perhaps I had better describe it as a hope, that the military estimates for subsequent years will fall below the figure which it is proposed to adopt for 1925-26.

Now, Sir, there are one or two specific matters to which I think I ought to refer and one is an observation made by my Honourable friend Sir Purshotamdas Thakurdas. He will correct me if I do not quote him rightly but my impression is that he said that the Inchcape Committee recommended a reduction in the value of army stocks from 22 crores to 11 crores of rupees.

Sir Purshotamdas Thakurdas: One-half.

Mr. E. Burdon: I am not quite sure from what part of the report he arrives at this conclusion. The Committee recommended a definite reduction of 6 crores under Ordnance services—page 33 of the report is the passage—including 50 per cent. under war reserves which then in total amounted to only $6\frac{1}{2}$ crores of rupees. I presume my Honourable friend was thinking of this 50 per cent. when he applied it to the whole stock of 22 crores of rupees.

Sir Purshotamdas Thakurdas: I am afraid I have not got my copy of the report with me but I am sure lower down Mr. Burdon will find that the Inchcape Committee definitely say the country simply cannot stand this and they recommended the stocks being reduced to half.

Mr. E. Burdon: I have had the matter very carefully examined. I can only find 50 per cent. in regard to war reserves. I may say however that a reduction of 6 crores of rupees in stocks has been effected, though not under Ordnance stores alone: and as for the 50 per cent. of war reserves it was not possible to take an arbitrary money basis for reduction of war reserves since these are based not on the value but on the quantities of particular categories of articles which are necessary to meet wastage in the first months of hostilities until new stocks can arrive. The total establishments of war reserves are now being completed and it is hoped that there will be a material reduction of the amount of capital which it will be necessary to lock up in this way. I can give my Honourable friend in another place fuller details of the reduction which have been carried out if he would like to have them.

Sir Purshotamdas Thakurdas: What about the suggestion that I made that in the budget figures or in the appendices attached to the military estimates a complete statement of the stocks held by the Military Department be attached from year to year?

Mr. E. Burdon: That is one of the suggestions for the improvement of the form of our estimates which will be considered.

Sir Purshotamdas Thakurdas: May I take it then that the Army Secretary considers this suggestion feasible?

Mr. E. Burdon: I am not the Financial Adviser now. I am afraid I must consult the Finance Department before I can say whether it is feasible or not.

Sir Purshotamdas Thakurdas: I was not likely to make a mistake so far as the Finance Department is concerned but my point was whether from the Army Department point of view there would be any great difficulties in bringing up a statement like that from year to year.

Mr. E. Burdon: I think I can say that there would be no military objection.

Sir Purshotamdas Thakurdas: I hope then the Finance Department will like it very much.

Mr. E. Burdon: There may be difficulties in bringing it up to date and making it accurate, but I think what the Honourable Member wants me to say is whether there would be any military objection. From the purely military point of view I do not think there would be, Sir.

Now, Sir, there is another matter on which I think the House as a whole would like to have a statement from me. His Excellency the Commander-in-Chief informed the House that the question of revising the rates of pay for officers of the army in India, which as the House knows has been under consideration for a long time, has now been decided, and His Excellency said that I would give some explanation of the reasons which made a revision necessary. Well, Sir, I find that statements have been made to the Assembly on this subject on a number of occasions. On the 6th June, 1924, Mr. Pate answered a question on the subject put by Mr. Rangaswami Iyengar. On the 15th September, 1924, I myself answered a further rather lengthy question put by the same Honourable Member. On the 19th September, 1924, I answered a question on the subject put by my Honourable friend Sir Sivaswamy Aiyar, and again in January, 1925, I answered a question of my Honourable friend Mr. Ramachandra Rao. In addition the matter was mentioned by the Honourable the Finance Member speaking in the debate in the Legislative Assembly in September, 1924. I must also refer the House to the announcement which was made in the press on the 5th January last. On each occasion that the matter has been mentioned a general indication has been given of the principles on which consideration of this matter was proceeding, and I can now say that the final decision conforms very exactly to the principles then stated. In the first place I wish to make it clear that the revision of the rates of pay of army officers in India has not been based upon a fall of prices in the United Kingdom or upon a rise of prices in India. That is not the determining factor. The fundamental reason why it was necessary to review the pay of the army officer may be stated as follows. Army rates of pay, so far as King's commissioned officers are concerned, rest ultimately on the pay given to the British Service officer in the United Kingdom; for the reason that we employ British officers in this country and for the further reason that Indian Service officers, whether these are British or Indian, are officers who hold commissions in the army as a whole and not merely in the Indian Army.

Now, in 1919, when army pay was revised in England, different rates of pay were introduced for married and unmarried officers. We did not adopt this particular feature in the corresponding revision of Indian rates, and I think it may be admitted that it was rather unfortunate that we did not do so; for it is clear that by adopting a flat rate of pay with no differentiation we ran the risk of paying the married officer less than he was entitled to claim on the basis of the Home rates, and the risk also of paying the unmarried officer more than was absolutely necessary. In actual fact our experience between 1919 and 1924 proves that the omission to adopt differential rates of pay for married and unmarried officers has been productive of inequalities and difficulties, and the principal feature of the rates of pay which are now being introduced is that the married officer will receive higher emoluments than the unmarried officer. In a large number of cases the unmarried officer under the revised rates will receive smaller emoluments than he has received during the past five years. I think Honourable Members will appreciate at once that the facts which I have just stated constitute a vital difference between the proposals for the increase of army pay and the proposals put forward by the Lee Commission in regard to the pay of the superior civil services in India. They started from a different origin and are based upon a different foundation altogether. The revision of pay has not of course been confined to the introduction of married and unmarried rates. There are certain anomalies introduced in the rates of pay in 1919, accidental anomalies, such as dual rates of pay of rank in the Indian Army, which experience has shown to be undesirable and which we have now corrected. In certain cases also we had to increase the rates of pay because the rates adopted in 1919 were too low; and I wish to mention to the House in this connection that at the present moment we are under a good deal of anxiety as regards the supply of officers for the army in India. We have in the recent past had cases of British Service officers who on financial grounds alone were prepared to resign their commissions rather than proceed to India for a tour of service. We have also had experience of valuable and experienced officers of the Indian Army being unwilling to remain on because the rates of pay of the appointments to which they could hope to succeed were not sufficient to meet the expenses of those appointments. We have in the recent past also had the disquieting experience that we cannot obtain the number of recruits that we require from Sandhurst. We hope that this is only a temporary phase, but it is certainly a disquieting phase of the situation. (Mr. A. Rangaswami Aiyangar: "Those are the considerations which were present to the Lee Commission also.") Quite so. Apart from the revision of pay proper it has been decided to grant certain miscellaneous concessions to army officers. The first and most important of these is the grant of free passages to Indian Army officers and their families. And here I should like to say that in my opinion the Indian Army officer has a specially clear claim to the grant of passages. The British Service officer who comes to India for a short tour of service is as a matter of course transported backwards and forwards at the cost of the State. But the Indian Service officer who serves continuously in India stands in even greater need than the British Service officer of periodical visits to his native country; and the necessity of giving some form of passage concession to this class was recognised some four or five years ago. The Indian Army officer of course had at all times the possibility of getting an indulgence passage. It was a hope, however, that was more frequently disappointed than realized. The indulgence passage there was supplemented in 1921 when the Government of India sanctioned the provision of free passages to Indian Army officers

[Mr. E. Burdon.]

who had to take leave on medical certificate. We are now proposing to put the matter on a uniform footing. The Indian Army officer will surrender the concessions including sick leave passages, which he has hitherto enjoyed, and instead will be granted a certain number of passages in the course of his service on the lines of the concessions granted to civil officers. We are also doubling

Diwan Bahadur M. Ramachandra Rao: Will you please tell us also what is the maximum number of passages to be given to military officers?

Mr. E. Burdon: The maximum is four.

Diwan Bahadur M. Ramachandra Rao: The same as for civil officers, as recommended by the Lee Commission?

Mr. E. Burdon: Generally the same. We are also doubling the mess allowance of Rs. 10 per month per head. Here, again, we are merely extending to the officers serving in India equal treatment with that which British service officers have always enjoyed in the United Kingdom where messes and their equipment are provided almost entirely at the expense of the State. The mess allowance hitherto paid has of course fallen far short of meeting the cost of messes; and in order to remedy this, we propose to double the mess allowance. Another concession is that of separation allowance. I do not think any Honourable Member will doubt the justice of this concession. It is an allowance to be given to officers serving in stations where their families are not allowed to accompany them. A separation allowance in somewhat similar circumstances is now granted in the United Kingdom; but it is obvious that the necessity for such an allowance is much greater in India, where, to start with, the officer is not living in his native country, and where also the stations in which an officer's family cannot reside with him are more numerous.

Dr. K. G. Lohokare: Will you give it to Indians when they are sent out?

Mr. E. Burdon: Certainly. It will be given for instance to officers who serve in Razmak where it is too dangerous for their families to reside with them—they will all be eligible for separation allowance.

Dr. K. G. Lohokare: All the officers?

Mr. E. Burdon: Indian officers as well as British officers. The Indian Medical Service officer in military employ will have extended to him the benefits conceded under the Lee Commission's proposals to Indian Medical Service officers in civil employ. That of course was inevitable. The permanent recurring cost added to the military budget, as the Honourable Finance Member has stated, is Rs. 45 lakhs; of which Rs. 5 lakhs represents the increased cost of the I. M. S. officer; 13 lakhs represents the cost of the passage concession; while the remainder represents the cost of the revised rates of pay, the additional mess allowance, and the separation allowance. The additional expenditure, as Honourable Members are aware, is included within the figure adopted for next year. The rates of pay will be announced in a few days, as His Excellency the Commander-in-Chief said this morning. The details of the scheme cannot, I am afraid, be further

elucidated during the time at my disposal here, but Honourable Members will have an opportunity of comparing the details given in the Army Instruction, India, with the rates of pay set down in the existing Pay and Allowance Regulations.

Mr. V. J. Patel (Bombay City: Non-Muhammadan Urban): Sir, I am not at all surprised or amazed at the speech of His Excellency the Commander-in-Chief. Instead of censuring him, I would like to most heartily congratulate him for the most frank, most straightforward and, may I say, most candid statement that he has made before this House. He has expressed not only his personal conviction, but he has expressed the view of the Government of India, of the British Government, and of every official and non-official European in this country. That is a view with which we are very much familiar, but as some of us were doubting whether that really was the view of the British officials and non-officials in this country or not, His Excellency the Commander-in-Chief has here cleared the atmosphere and told us pointblank what we should expect from the Government. To analyse his speech, he has told us, "You are not a nation, and therefore you should not for a long time to come expect a national army; you should not expect a substantial reduction in the military expenditure by the replacement of British officers and soldiers by Indian officers and soldiers, and thirdly, you must not expect any Indian Sandhurst in this country." These three things he has definitely told us. This is now the real interpretation of the Preamble of the Government of India Act, namely, the policy of His Majesty's Government is the increasing association of Indians in the administration of this country. That is the interpretation which we of the Indian National Congress have been putting upon it for a long time since the Act was passed, and to-day it has been confirmed by His Excellency the Commander-in-Chief (Laughter). Sir, the vote of censure to be moved by my friend Mr. Jinnah, is coming shortly—and I am told that already one notice of a motion has been given by my friend Mr. Kelkar on that very subject and we shall hear a good deal about it. But it is really, Sir, a humiliation to sit here and to be told to our face that we are not a nation, after 150 years of British rule to be told that the Indian people are not a nation, and that we should not expect a national army; that the Indianization of the army is impossible for a long, long time to come, and that the facilities for the training of Indian officers for the preparation for defence of our country are also a far, far-off cry. It is really a national humiliation. What is to be done in the circumstances, when we are told so after 150 years? That is the question of questions before us. We are helpless, circumstanced as we are. As my Honourable friend Mr. Abhyankar very rightly remarked, you have disarmed us from the start. You have as a matter of fact killed all our industries. You have kept us ignorant by withholding compulsory education from us; and what is more, you have impoverished the country to such an extent that more than half the people do not know what a second meal in a day is. That is the situation; and we are faced with a definite statement, in fact a challenge to those who ask for further rights, that "No, you shall not have it." Sir, the only thing left for us is to fight and fight and fight both here and outside and to prepare our people for a bigger and a nobler fight for freedom. I am very glad that this statement is very timely—it has come at quite an opportune moment. The Demands for Grants and the Finance Bill will soon come, and I hope no self-respecting Indian will agree to vote supplies to this Government which tell us to our face that we are not a nation, and that we should not expect anything from them.

[Mr. V. J. Patel.]

Sir, now I come to the Budget. (Laughter.) So long as we are here, we shall fight you inch by inch, and it shall be our determination from now and henceforth to fight this Government in this House inch by inch and to fight them outside by organizing our people for a nation-wide campaign of civil disobedience. Now, Sir, coming to the Budget, before I speak on the merits of the Budget, I should like to invite the attention of my Honourable friend Sir Basil Blackett to one mistake which I think has crept into the figures which he has given us. This mistake confused me for two hours the day before yesterday, and therefore I want to bring it to the notice of my Honourable friend and to ask him to explain whether I am right or his figures are right. In the Memorandum by the Financial Secretary (page 19) the total debt of India is given as 908.78 crores. Now if you turn to the speech of my Honourable friend Sir Basil Blackett you will find that the total debt of India, including the provincial debt, comes to 1013.71 crores, and the provincial debt amounts to 106.95 crores—I hope I am right—according to the figures quoted by him in his speech. If I deduct 106.95 from 1013.71, the debt of the Central Government comes to 906.76. Taking other figures, he has given the internal debt of the Central Government as 394.98 and external debt as 511.78. When I total them up, I find that the total debt of the Central Government is 906.76. I do not know how my friend has taken 908.78 as the total debt outstanding on the 1st of March 1925; and if we deduct the total debt outstanding on the 31st March 1923, which is 846.73, from the total debt outstanding on the 31st March 1925, which is 906.76, we come to a figure of 60 crores. This deduction is made for the purpose of calculating what provision is to be made for my friend's pet scheme of reduction and avoidance of debt. If you divide 60 crores by 80, you get 75 lakhs of which provision is to be made in addition to the usual provision of 4 crores which has been suggested in the Resolution of the Government of India on the subject. So, according to the calculations that I have made, the provision that need be made is 475 lakhs and not 477.50 lakhs, as he has suggested in this Memorandum. Perhaps my Honourable friend will explain this, because it involves a mistake of Rs. 2,50,000.

Now, Sir, before I go further, I should like to invite the attention of my Honourable friend Sir Basil Blackett to one statement which he has made regarding my speech on the Paper Currency Bill which was discussed a few days ago. There in supporting the amendment of my friend, Sir Campbell Rhodes, on that Bill, I stated that the Finance Member should act upon the particular provision of the Indian Paper Currency Act, which requires that the interests on the currency reserves should be used in reducing *ad hoc* securities, that is to say, he should not take credit to revenue for this amount but he should go on reducing the *ad hoc* securities year after year by substituting in place of them substantial securities. To that the meaning attributed by my friend in his speech is that I suggested contraction of currency. I never did anything of the kind. On the contrary, what I stated then—and I repeat it to-day—was that my friend should instead of allowing those *ad hoc* securities to continue as they are, put in some substantial securities and thus reduce the amount of *ad hoc* securities. I do not know how my friend makes out that I suggested that by this process I asked him to contract the currency. Certainly not.

Then I find another amazing statement in his speech, namely, that there is no difference between the *ad hoc* securities and the purchased securities. I beg to differ from that view. The *ad hoc* securities can be unlimited.

You have not got to pay anything. You have merely to sign a piece of paper and put it into your currency, while in the case of purchased security, you have got to pay cash down, so much amount. So, your power of purchase of these securities is limited to the extent you have got funds in your hands. You could not go further than that. That is the main difference. But let me make it perfectly clear that I am not only for the substitution of purchased securities in place of *ad hoc* securities, but I go further and say that if it is possible to substitute some other more substantial securities, namely, gold in the reserve in place of *ad hoc* securities, that would be certainly more preferable; but under the absurd 2s. ratio which you have still maintained and you choose to maintain in your Statute-book, it is not possible for you to do so. Even at the present day you can buy silver and reduce the *ad hoc* securities without any loss. But you would not do that. I would like my friend to buy sterling securities and replace these *ad hoc* securities. But I know he could not do it because currency would have to lay out 130 lakhs for every £100,000 treasury bills, and according to the Act which lays down that a rupee is worth 2 shillings, the said securities would be valued at 100 lakhs instead of 130 lakhs. These are the difficulties so long as you maintain that ratio. But you instead of helping my friend Sir Purshotamdas Thakurdas in restoring the old ratio, severely criticise him in a long lecture that you gave us the other day. In fact when I was listening to your speech of two hours the other day, I was wondering whether you were putting forward a laboured defence in justification of your currency and exchange policy and the policy of your pet scheme of reduction and avoidance of debt, or whether you were really making a Budget speech. I was all along wondering whether your intention on that occasion was to defend the policy of the Government, which has been so rightly criticised all over the country or whether you were presenting the Budget for the year. However, that is another matter.

Now, Sir, coming to the Budget, I find that several items of revenue and expenditure have been concealed by Government from time to time from this Assembly. This, I submit, is a wrong policy. Last year when you wanted to show a surplus balance and a prosperity budget, you came out with what you called a windfall then and said, "Here we have got a profit of 2 crores from the enemy ships" and you credited that to your revenue account and showed a surplus budget. It was your duty to keep the Assembly informed of all these profits and all this money all along. But all of a sudden you started a surprise on this Assembly and said: "You have got this money; you have unearthed the money," as if the money were going to fall from heaven. Secondly, the year before last as we could see now from the actuals of 1923, you have kept back two very important items from the knowledge of this Assembly. One is an item regarding 82 lakhs which you said you wrote off against the revenue on account of the discount on the rupee loan of 1923. And then there is another item of 8.41 crores which you said you wrote off against the revenue on account of loans and advances to the Persian Government. Now, these two items you kept back from the knowledge of the Assembly for all these years and never said a word about them, except when you wanted to do so to suit your purpose. I do not know what purpose you have in view in keeping these things to yourself and not telling the Assembly. Probably you wanted to inform us about them before you went to England and therefore you kept them back as my friend Mr. Jinnah very rightly remarks.

Then my further complaint about the Budget is that many items which are really votable and which should be put on the voted list have been put

[Mr. V. J. Patel.]

on the non-votable list. I will mention some of them. The item of 82 lakhs which you say you spent or wrote off against the discount of the 1923 rupee loan, you were bound in my humble judgment to place before the Assembly for its vote. You cannot spend one single farthing out of the revenues of India without putting the same by way of a regular motion before this Assembly except in respect of interest and sinking fund. But this amount is neither interest nor sinking fund and it was your bounden duty, according to the Government of India Act, to consult this Assembly and obtain its sanction before you could write off that amount of 82 lakhs. Similarly, a sum of 50 lakhs is proposed to be spent this year in what you call the service of the new loan and you have put down that item as a non-votable item. My submission to this House is that this item should be made votable and it is your duty to take it out from the non-votable list and place it in the votable list. You are not justified in spending this sum of 50 lakhs of rupees without asking the Assembly for the purpose, because after all it is a part of the Government of India revenue and all appropriations from the revenues of India are to be placed in the form of Demands for Grants before this Assembly except, as I said, certain specified appropriations in regard to interest, sinking fund, etc. As I pointed out, this is neither a part of interest nor is it part of a sinking fund and therefore you are not entitled to give out that sum of 50 lakhs towards the service of this rupee loan without the vote of this Assembly.

Similarly, you spent 3.15 crores towards the payment of what you call the Persian loan. You wrote off that item in the accounts of 1923. My submission is that you have no business to do it without consulting this Assembly. However defective, however unsatisfactory, however disappointing, the present constitution of the Government of India Act may be, you, at any rate, are bound to give effect to its provisions. But instead, you choose to spend that large sum of 3.15 crores without consulting this Assembly and have quietly put it in the account of 1923 and present your Budget in the year 1925. Similarly, my opinion, Sir, is that the capital portion of annual payments and redemption of liabilities assumed in respect of the British war loan should also be a votable amount. Unless it is otherwise provided by any Act of Parliament or any Act of this Legislature, you are bound to put it as a votable item. You cannot, without consulting the Assembly, pay it out. The same is the case with the capital portion of railway annuities. I do not know how you can, without consulting this Assembly, pay out this big amount of 173.64 crores. Similarly, if you look at another item of 97.21 lakhs for the 5 per cent. rupee loan, I do not understand how you can give it without putting it before this Assembly. These are some of the items which amount to crores of rupees every year and you have been spending these amounts without consulting the Assembly in spite of the distinct provisions of the Government of India Act in that behalf. I submit, Sir, this procedure is wrong and the Finance Member ought to take the earliest opportunity of setting these things right, of course if he agrees with me. But I know he will not

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

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, as we shall not have an opportunity of speaking after the Honourable the Finance Member has spoken, I should like to have an opportunity of speaking now.

Mr. President: The Honourable Member was not here when, at the beginning of the first day, I pointed out that Honourable Members would have three occasions on which to deliver speeches on the same subject.

The Honourable Sir Basil Blckett (Finance Member): Sir, I much regret that the cruel guillotine has come down and prevented Mr. Patel from presenting me in the House with more particulars and from taking advantage of this opportunity that is now before us for discussing financial questions on their merits. I am glad to see that he realises the tremendous improvements that the Reformed system has given which enables him to bring forward all these small points before the House. It has also enabled us to bring to his attention certain facts which were previously obscured perhaps in the Finance and Revenue accounts, of which he was not, it seems, aware. After this evidence of the tremendous usefulness of the Assembly under the reformed constitution, I hope that he will in future make the sort of speech that he made for the last 19 minutes to-day and not the sort of speech that he made during the first minute.

I am sorry that I have to disagree with him in all the points that he raised as regards the correctness or otherwise of my figures or of our procedure. (*Mr. V. J. Patel:* "I have no doubt about it.") I do not wonder that he was to some extent mystified by the figures in regard to the 908.78 crores which is the figure on which the provision for redemption and avoidance of debt is based. It is a figure which is arrived at after including that portion of the advances to Provincial Governments which contain no provision for repayment by the Provinces and after deducting the items in respect of which discount sinking funds are running. It is not obtainable, of course, directly from either of the two statements to which he referred. I should be quite willing to show him exactly how it is arrived at. But I can assure him that my figure is the correct one. I tried to make my speech as short as was reasonably possible and I have already been taken to task by Mr. Patel for having said things which might have been left out. I think that a detailed explanation of that particular figure which has already been given elsewhere was unnecessary.

I come now to his points in regard to what is votable and what is non-votable. He does not seem to realize that the service of the new loan means the interest on the new loan and the interest is quite clearly, under our system, not part of the sum which has to be voted by this House any more than it is in the House of Commons.

Mr. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Will you explain that point further. How is it interest?

The Honourable Sir Basil Blckett: It is the interest on the money that is to be borrowed. (*A Voice:* "Is it not discount?") The loan may be issued at a discount or it may not. If so, it no doubt includes the discount. I am not prepared to enter into details now on every one of these points across the floor of this House and Honourable Members had better let me continue my speech. I come to the point of the discount on the loan in 1923. That is equally clearly non-votable under the statutory position. If you will look at my budget speech of last year you will find that I spoke of the discount sinking funds as being treated as equivalent to interest. As regards the Persian item, that is clearly a political charge. As I am on the subject of what is votable and what is non-votable, which has been raised by several speakers to-day, I should like to draw the attention of the House again to

[Sir Basil Blackett.]

the table on pages 39 and 40 of the Financial Secretary's Memorandum showing the total votable and non-votable portion. There is a
 4 P.M. good deal of, I think misconceived criticism in regard to this matter. Let me first of all draw attention to the fact that, if you take the United Kingdom budget for this year, the total is 790 million pounds, of which 405 millions is voted and 385 millions is non-voted. I hope Honourable Members will not immediately say: Well, of course, that comparison is ridiculous!—because so it is in some respects. The comparison is not one which can be made in view of the very different circumstances of the two cases. But I draw attention to the fact that under the British system the whole of the interest and the whole of the sinking fund do not come under the vote of the House of Commons year by year nor do the salaries of the Judges or various other consolidated fund charges, as they are called, in respect of the Civil List, and things of that sort. There is quite a large total which is settled by Statute once for all and that is why I said the comparison is not one which you can make completely. But, so far as the opportunity for discussion year by year is concerned, the whole of the item for interest, the item for sinking fund, and several other items of importance under the English system do not come under review each year. Now, if you take the table on pages 39—40, you will see that, leaving out the question of capital, the voted amount is 97 crores 39 lakhs, the non-voted amount is 118 crores and 42 lakhs. Out of a total of 215 crores—you have of course to take gross figures in this connection—97 is voted and 118 is non-voted. Out of the 118 crores which is non-voted, 47½ crores represent interest and sinking funds which would not be voted under the British system being clearly a contractual payment and unavoidable. That excludes that part of the provision for sinking fund which in India is votable. Of the remainder, the big item is of course the military item which for special reasons under the system here is excluded from the voted items. So, if you compare the position with the position in England, you will see that the provision by which subjects come under annual review here (with the special exclusion which is contained in the Government of India Act) is really on the whole more generous in giving opportunities for discussion year by year than the position is in England. If you take the Provincial Governments into consideration as well, the total in their cases shows that the greater part of the expenditure there is voted. In the case of the Provincial Governments, for the year 1923-24 which is the latest year for which I have been able to obtain figures, out of a total of 76 crores, 61 is voted and 15 non-voted.

The debate that we have been listening to for the last two days has ranged over a variety of subjects. I do not propose to touch further to-day on the subject of military expenditure with one exception. I was asked by Sir Sivaswamy Aiyer in regard to the outstanding questions between the Government of India and the War Office. The position in regard to them is that negotiations have been proceeding; they proceeded with some vigour last autumn when His Excellency the Commander-in-Chief and Sir Bhupendra Nath Mitra were in England; and we are in hopes of making a very considerable advance towards an agreement, I do not say at once, but at a fairly early date. The House will remember the sort of figures that were mentioned; there is one which is generally known as the 40 million claim and there is another which is known as the East Persian claim. They are far very big amounts, though the figures we have now come down to are very different and I hope we may yet arrive at an agreement which will

settle these outstanding questions in a manner which I think everybody in India would regard as fairly satisfactory. I would like to add to that this. In the year 1923-24 we were able to take advantage of the opportunity of a surplus to clear our accounts of a troublesome item so that when the Persian Government repays us we may once more get a windfall instead of being in the position of having a sum outstanding against our accounts which has not been accounted for in our revenue expenditure accounts at all. We are in the position of hoping for the possibility of a windfall some time. When it comes it will no doubt be useful. In the same manner, if we are happy enough to arrive at an agreement with the War Office in regard to the claims now outstanding, there will, we hope, be a sufficient amount in the surplus for the current year much more than to cover the amount required by any such settlement, and it would, I think, be the right way to settle an outstanding claim of that sort, by settling it against the surplus of the year if we can arrive at that position in time.

Sir Purshotamdas Thakurdas was under the impression I think that the Persian Debt, which has already been written off, had something to do with this outstanding claim. They are two entirely separate items. The Persian Debt in question consisted of India's share of sums advanced, both before the war and in the early part of the war, to Persia, jointly with the United Kingdom. They have nothing to do with the claim of the War Office that India should take a share in the expenses for certain operations in East Persia, a claim which has always been vigorously repudiated both by Sir Purshotamdas and by the Government of India.

Mr. R. K. Shanmukham Ohetty: Will the Government of England repay any part of the advance?

The Honourable Sir Basil Blackett: Certainly not.

Mr. R. K. Shanmukham Ohetty: But you say you have given it jointly with the Home Government?

The Honourable Sir Basil Blackett: The Home Government have made the same amount of advance but they have already charged it off ten or fifteen years ago.

Sir Purshotamdas Thakurdas: I am reluctant to interrupt the Honourable the Finance Member but I wish to say that I have given notice of a Rs. 100 cut in that connection in order to enable this House to inquire into the question as to whether this was a liability of the Government of India or of the War Office.

The Honourable Sir Basil Blackett: Quite so. There was a claim from the East Persian Government for certain expenditure in East Persia, which the War Office has maintained was a claim for expenditure which the Indian Government should share. The money has been spent by the British War Office and they claim that we should repay half the cost. We have always repudiated any liability, and we continue to repudiate any such liability.

Diwan Bahadur M. Ramachandra Rao: Though we are paying for it, though we have already paid for it.

The Honourable Sir Basil Blackett: We have never paid for it. This East Persian claim has nothing whatever to do with the other matters which appear in the Budget.

[Sir Basil Blackett.]

Mr. Patel was more successful than I was in finding his name in the budget speech because I have looked hurriedly through the speech and I cannot find any mention of his name. But he says I accused him of holding certain views in regard to the use of the profits of the Gold Standard and the Paper Currency Reserve. I was not aware that he held these particular views but, if he will read my speech, he will see that I have endeavoured to answer perfectly plainly the point that he put just now. When you have a Government of India security held in the Paper Currency Reserve as cover for a note outstanding issued to the people of India, whatever form that Government of India security takes, whether it is a security purchased on the market or whether it is specially created for the purpose, in that position it becomes simply one I. O. U. covering another I. O. U. The question how much of the Government of India securities you should hold in the Paper Currency Reserve has to be considered on quite another basis. My point, therefore, is that the substitution of one form of Government of India security now for another form does not make any difference whatsoever to the healthiness or otherwise of the Paper Currency Reserve. I entirely agree with Mr. Patel that to issue *ad hoc* securities to the Paper Currency Reserve and take the money and spend it is a thoroughly unsound thing to do if you can help it. But that is quite a different matter. As I pointed out in that paragraph in my speech, the only effect of Mr. Patel's proposals is that if you do not treat this sum of about 3½ crores, I think, which we get as interest on the Paper Currency Reserve and on the Gold Standard Reserve as revenue,—the only effect of not treating it as revenue must be that you add to the amount of your sinking fund in one form or other. It is an addition to the amount that you are providing for reduction or avoidance of debt whether the debt you are reducing is *ad hoc* treasury bills in the Paper Currency Reserve or some other form of debt, so that, the proposal cannot amount to anything more than a proposal to add an extra 3½ crores to your provision for reduction or avoidance of debt. I do not think that even Mr. Patel really wants that to be done.

That brings me to the question of our provision for sinking fund generally. As I pointed out in my speech, the amount that we are providing will enable us to go on in exactly the same as we were going on up to last year, when we provided the actual existing sinking funds of the various loans together with a special sum of 80 lakhs for depreciation fund on the 5½ per cent. loan. The Government of India Resolution of last December was not issued until the matter had been nine months before the House and the country. I put it before the House very fully in my last budget speech and I hoped that it would provoke considerable discussion. It did not provoke much discussion in this House though it did provoke an interesting discussion on two occasions in another place and there was also some discussion in the country. It was on the basis of that that the Government have eventually arrived at the decision which is included in the Resolution. As I say, it does not represent any particularly large increase—only a few lakhs increase. So we are providing very much the same amount that would have been provided under the system in force up to a year ago, and it cannot be regarded as anything very much of a new departure so far as amount is concerned. It is really a systematising of the old position in a way that I think is clearly for the benefit of the country. It has also this advantage that it has brought clearly before this House and before the country and before our creditors all over the world the existence of a

reasonably adequate sinking fund? and I am afraid that the reason why there is a considerable invasion directed against this provision in the Budget this year is very largely because our accounts clearly state what it is and Honourable Members have discovered that there is something to raid. I do think it would be a very unfortunate thing if the effect of efforts made by the Finance Department to clarify the accounts so that Honourable Members may know exactly where they stand should be to create opportunities for undesirable attacks on particular provisions in those accounts or undesirable raids on our reserves or sinking funds of this sort. Mr. Patel has already made two or three complaints about facts not being before the House. They were before the House but they were not clearly brought before the House. If he had looked into the Finance and Revenue accounts of the last 10 years he would have found references to this or similar funds and if he had read the report of the Public Accounts Committee of this year he would have seen that this particular Persian expenditure, which he said we had concealed from the House, was clearly before it and commented on. (Mr. V. J. Patel: "For how many years?") It has been in the Finance and Revenue accounts for a large number of years for any one who chose to read them. The complaint, therefore, that it is not brought before the House is really a complaint that the Finance Department has been doing its duty and has enabled the House to understand what is already in existence in some of our blue-books. As regards the provision for sinking fund, as I have shown, it is not any considerable increase on the amount that was provided before. A raid on it, as I said to the House the other day, would in my opinion be thoroughly unsatisfactory from everybody's point of view. Whether a raid is effective or is not effective the result is that from the point of view of our creditors and all those who want to become our creditors, some damage—I do not want to overstate it—would be done to us in the eyes of our creditors. I hope that when the House comes to the voting of Demands for Grants, it will vote this item and show thereby that it supports the action that is being taken for the strengthening of India's credit. I tell them perfectly plainly that a cut of 70 lakhs this year would mean that within a couple of years we should be paying as interest what we should be now providing as sinking fund. The action of this House in supporting the Government of India's Resolution will have this effect that it will enable our conversion schemes for maturing debt that are now before us and our efforts for the purpose of raising additional sums required for our capital commitments to be successful in raising money at much more favourable conditions and save very considerable sums to the tax-payers, not of the far future, but of the next year or the year after or the year after that. Mr. Kelkar said that the policy of the sinking fund seemed to be an offer of "Jam yesterday, jam to-morrow but no jam to-day". I would suggest to Mr. Kelkar and to the House that any raid on the sinking fund means "Damn yesterday and damn to-morrow but do not damn to-day". I will not say much more on the subject of exchange. I recognise that the opportunity for entering deeply into the subject hardly arose. Speeches were limited to 20 minutes. I am not so fortunate as to be limited to 20 minutes. I shall say a few words but not many. Sir Purshotamdas Thakurdas has handed in at the table a statement of the distribution of our imports. I understand that the intention of it is to show that the greater part of our imports are brought in either for use by the well-to-do or to be used in trade and industry and that the amount taken by the primary producer is an extremely small one. I think that is the purport of it,

Sir Purshotamdas Thakurdas: That was. I thought the Honourable Member was going to criticise it after I explain it on the Finance Bill discussion.

The Honourable Sir Basil Blackett: I am only going to say a few words. I have not had time to study it. But I would point out that it does not really get very far in dealing with the question. The fact that imports are not consumed directly by the primary producer, even if it is a fact, has very little bearing on the matter. The primary producer may not buy much that is imported but everything that the primary producer purchases, whether it is internally manufactured or imported, is directly influenced by world prices. There is practically no wheat imported into this country. There is practically no rice imported into this country. The fact that exchange is 1s. 6d. instead of 1s. 4d. means however that wheat and rice are both considerably cheaper for the consumer than they would have been had exchange been at 1s. 4d. The consumer is directly interested in world prices and not with reference to the question whether an article is imported or not. Moreover, though the primary producer may not himself directly consume an import the prices of the great many things that he buys are directly affected by the fact that imports enter into the cost of production of Indian made articles. The point that I wish to make is this, that it is the general position of world prices and their reaction on the prices in India through the exchange that makes the exchange value of the rupee enter so largely into internal prices, and as I have said before, the difference between a high and a low exchange, provided it is not fluctuating very heavily, is one which after a certain interval has no real interest for India as a whole. What is important is that we should have stability and that prices should remain stable. A period of fluctuation is an uncomfortable one for everybody. If the rupee is going up or if the rupee is going down, some one is making undue profits and the relationship between one section of the public and another is being disturbed. What you want is to arrive, if you can, at a stability of prices first of all, and next in importance, of exchange.

Sir Purshotamdas Thakurdas: May I beg the Honourable Member's pardon for one more interruption? Would I be correct in inferring from what he has stated to-day that he agrees that a high exchange would depress the prices of the local produce in comparison with the world parity of prices?

The Honourable Sir Basil Blackett: I do not want to spend another quarter of an hour over that subject. I will leave it at that for the time being.

I have been accused of having made very cautious estimates. I have been accused of introducing a rich man's budget. I have been accused of having some kind of special grudge against Bombay. That last accusation is one which I do hope will not be made against me. I have very many good friends in Bombay and the last thing that I should like to feel is that any personal feeling of mine, or grudge against Bombay, or grudge against Calcutta, should be believed to have any effect on the policy that I should advise the Government of India to pursue. The result of this year's Budget may be a little less pleasant to Bombay as compared with—shall I say?—Madras. I can quite see that, but surely it is not to be put down to the form or nature of the advice that is given by me so far as

the provincial contributions are concerned, because the rate at which they are to be reduced is fixed by the Devolution Rules, and I do not go round and say, "I rather like Madras. Let us give her a large sum. Don't give anything to Bombay because I do not like her." That is not the way by which the Government of India arrive at the rateable reduction of the provincial contributions. They arrive at it on the basis of the Devolution Rules drawn up at the time when the Meston Award was made. We may or may not have liked the Meston Award or the Devolution Rules, but so far as I am concerned, all I have done is to accept them and follow them for the time being and I do not think that any Honourable Member in this House can really put his hand on his heart and say he would have expected me to do anything else. The accusation that this is not a poor man's budget was followed in some cases by an immediate demand that we should abolish or reduce the cotton excise duty. I would suggest that those two complaints against the Budget are mutually contradictory.

Mr. R. K. Shanmukham Chetty: It will cheapen the poor man's cloth.

Mr. Devaki Prasad Sinha: How will it cheapen the poor man's cloth?

The Honourable Sir Basil Blackett: I see that there is a clear understanding in the House of what I mean and I need not go any further into the matter. I was also told that it was not a poor man's budget because I did not decrease the postal rates. (*A Voice:* "And salt.") But the postal charges could only be reduced by taxing the tax-payer, not excluding presumably the poor man. Moreover I think we have to regard the reduction of provincial contributions as the equivalent of the reduction of taxation. We must regard it so as it means that we are reducing our claim on the provinces for them to tax their people in order to give us cash. The fact that they may or may not use that money directly for the reduction of taxation is a question which is within their competence, but we have to regard this as the equivalent, from the point of view of the Central Government, of the reduction of taxation. I think it is a little hard on a budget that gives Rs. 2½ crores away to the provinces and is going to lighten the burden on or increase the benefits of the agriculturists and others who are the special protégés of Provincial Governments that it should be accused of being a rich man's budget. I do not think it is a fair accusation against this budget. As regards the question as to whether we have been unduly cautious or not, I would put it to the House that the giving up, to all intents and purposes permanently, of Rs. 2½ crores of revenue is a matter which cannot be regarded lightly. It would be absurd to give up Rs. 2½ crores to the provinces this year and then have such a deficit next year that we should be obliged to try and ask them for more. It is a very serious matter for the Central Government to surrender this large sum. They have to be very careful in what they are doing, if they do not want to get themselves and everybody else into difficulties in the future. You cannot gamble in a case of that sort. The Government of India have proposed to keep in hand in addition to the Rs. 2½ crores a sum of Rs. 74 lakhs which will be there in case of any disappointment this year, in case the monsoon turns out badly and our customs revenue is reduced, in case something should happen which will render our estimate of exchange a risky one,—Railways do not matter much because we have separated the Railway Finance—in case any accident should happen this year. Rs. 74 lakhs may look a fairly large reserve this year, but it is a reserve not

[Sir Basil Blackett.] .

only against this year but against next year. As I have pointed out, only Rs. 18 lakhs of it is really a reserve against next year. The rest of it is represented by non-recurring receipts, so that we are only keeping in hand a reserve of Rs. 18 lakhs against the possibility of 1926-27 being a year when we have more difficulties than this year. You cannot, therefore, I think, justly accuse the Government of being unduly cautious when they are giving away Rs. 2½ crores practically permanently and keeping in hand only Rs. 18 lakhs so far as the recurrent revenue is concerned against possible difficulties a year or two years hence. These Rs. 2½ crores, remember, are lost to us annually for all time.

I may at this stage turn to one or two points made by my Honourable friend Sir Purshotamdas Thakurdas which I ought to have mentioned. They were made by others also. There was some complaint made that we charged the discount on the rupee loan of 1923 off against that year instead of spreading it over further years. As a matter of fact, 1923 was the first year in which the Government of India proposed in respect of the rupee loan to treat the discount otherwise than as a charge against the year. The discount sinking funds, to which allusion was made, were all in respect of loans raised in sterling. So far as the rupee loans were concerned, we had always followed the practice of writing off the discount against the year in which a loan was raised. That year it seemed rather a large charge to make, and as at the time there seemed to be doubt as to whether there was likely to be a surplus or a deficit, it was quite a reasonable thing to propose to spread it. But it was as a matter of fact an innovation so far as the rupee loans were concerned. When it was found to be unnecessary and there were good reasons for not introducing this innovation we wrote off the whole of the discount against the year 1923. I would point out to the House that the effect of charging it off against the year 1923 and not spreading it over a number of years is that we are enabled to show our surplus in 1925-26 at Rs. 4½ crores more than if we had spread it over a number of years because there would have been a charge of Rs. 4½ crores in respect of that discount in this year's Budget and our surplus would have been reduced by that amount. So that so far from our robbing the tax-payer of to-day by these machinations, he is actually better off by 4½ lakhs on the figures presented to him in the Budget this year and last year too.

There is only one other matter I should just like to mention in regard to Colonel Crawford's interesting speech which was mostly on military matters. He has unintentionally been a little hard on the Standing Finance Committee. He complained in picturesque language that we were not supplying weather information on the North-West Frontier with the result that we were risking the lives of aviators. The only reference that I can find in the Standing Finance Committee proceedings is the reference on page 159 of Vol. IV, No. 3, where a sum of Rs. 21,800 for equipping pilot stations at Karachi and Adoni and other instruments at Quetta and Peshawar and one or two other things for the purpose of supplying additional meteorological information on the North-West Frontier was passed by the Standing Finance Committee and that item is included in connection with this year's Budget.

Perhaps I may be allowed to make one reference before I sit down to those political speeches that have been made yesterday and to-day. I do hope that we are going to spend this month in taking advantage of the

opportunities, such as they are if you like, of discussing the details of our finance as well as of raising general points on individual votes. Mr. Jinnah has already stated that he intends to take his opportunity of raising the general question of the Indianisation of the army on the proper occasion. I do hope the House is going to take advantage of those opportunities in what I may call the constitutional method instead of adopting the system that really last year prevented our discussions from being fruitful. I think it was Mr. Bipin Chandra Pal who turned to the Government Benches a week ago and said that they must be feeling comfortable. May I say that 'comfortable' was not the right word to use? We were all in this House finding that morning a little uncomfortable. But I was to some extent myself compensated for the feeling of discomfort by the thought that not only was there a prospect of the Finance Bill being considered on its merits but that I was witnessing the birth pangs of the party system in this country and in this our constitutional legislature: and my belief is that nothing is going to help forward the development of Parliamentary institutions in this country more than the emergence of real parties genuinely divided from each other on great questions of principle.

The Assembly then adjourned till Eleven of the Clock, on Thursday, the 5th March, 1925.
