

18th March, 1925

THE  
**LEGISLATIVE ASSEMBLY DEBATES**  
**(Official Report)**

SECOND SESSION  
OF THE  
**SECOND LEGISLATIVE ASSEMBLY, 1925**



SIMLA  
GOVERNMENT OF INDIA PRESS  
1925

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# LEGISLATIVE ASSEMBLY.

Wednesday, 18th March, 1925.

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

## QUESTIONS AND ANSWERS.

### COMPETITION FOR THE SELECTION OF A PLAN FOR A CONFERENCE HALL FOR THE LEAGUE OF NATIONS AT GENEVA.

†1209. \***Maulvi Muhammad Yakub:** (a) Will Government be pleased to state whether they have received from the office of the League of Nations at Geneva copy or copies of the programme of the competition for the selection of a plan for a Conference Hall forwarded for the architects who are nationals of States members of the League of Nations?

(b) If they have not, will they, when they do receive the copies, place them on the table for the information of the House and also publish them for the public?

(c) Will Government be pleased to state whether the international jury, consisting of architects, that will judge the designs submitted for the competition, includes adequate representation in regard to the interests of architects in India?

### COMPETITION FOR THE SELECTION OF A PLAN FOR A CONFERENCE HALL FOR THE LEAGUE OF NATIONS AT GENEVA.

1210. \***Mr. Jamnadas M. Mehta:** (a) Will Government be pleased to state whether they have received from the office of the League of Nations at Geneva copy or copies of the programme of competition for the selection of a plan for a Conference Hall forwarded for the architects who are nationals of the States members of the League of Nations?

(b) If they have not, will they, when they do receive the copies, place them on the table for the information of the House and also publish them for the public?

(c) Will Government be pleased to state whether the international jury, consisting of architects, that will judge the designs submitted for the competition, is adequately representative in regard to the interests of architects in India?

**Mr. L. Graham:** With your permission, Sir, I propose to reply to questions Nos. 1209 and 1210 together.

**Mr. K. Ahmed:** On a point of order, Sir. Are not both the questions just the same, word for word, and sentence by sentence? I had already asked the Honourable Member, especially his department, when he was

† For answer to this question see below question No. 1210.

the next officer to the Secretary in that department last year, that, when the same questions are asked by different Members, only one of the questions should be printed on the list of business instead of printing all the questions and all the names of the several Honourable Members who have given notice of the same?

**Mr. L. Graham:** Sir, I am not aware that the Honourable Member is entitled to say what question should be printed on the list.

With your permission, Sir, I propose to reply to questions Nos. 1209 and 1210 together. The Honourable Members are referred to the reply given by me yesterday to the similar question asked by Mr. B. Das.

**Mr. K. Ahmed:** Supplementary question, Sir. Do Government propose to consider whether India can send some representatives to the League of Nations for the purpose of representing India to the nationals of the States members of the League of Nations?

**Mr. L. Graham:** That question, Sir, does not arise.

**Mr. K. Ahmed:** Do Government carefully try to see that both the questions Nos. 1209 and 1210 ask definitely whether the Government of India would be good enough to send some people to represent India? May I state the last part of both the questions, namely (c), because the wording is identically the same:

"Will Government be pleased to state whether the international jury, consisting of architects, that will judge the designs submitted for the competition, is adequately representative in regard to the interests of architects in India?"

I repeat the same question, Sir.

**Mr. L. Graham:** Sir, with your permission, I will refer the Honourable Member to the answer I gave yesterday to a similar question.

**Mr. K. Ahmed:** What was the answer?

**Mr. L. Graham:** The answer I gave yesterday so far as I remember it was that the international jury composed of 6 architects. I am not prepared to say if this figure is correct because I am speaking from memory.

**Mr. K. Ahmed:** Do Government propose to represent adequately the interests of the architects in India?

**Mr. L. Graham:** The answer given by me yesterday, Sir, was that the Government were fully satisfied with the constitution of the jury.

**Mr. Jamnadas M. Mehta:** Would not Government have saved some money if they had not printed my question?

**Mr. K. Ahmed:** In view of the fact that, especially in the town of Agra there are some old relics of the Moghuls and there are some good designers amongst the descendants of experts in the matter of architects, do Government propose to keep up the dignity of India by sending one representative to the League of Nations?

REMOVAL OF THE LIMIT ON THE POSSESSION OF AMMUNITION FOR 12 BORE GUNS AND 22 BORE RIFLES.

1211. **\*Haji Wajihuddin:** Will the Government of India be pleased to state the names of the Local Governments who have removed from their provinces the 'limit' on possession of ammunition for 12 bore guns and 22 bore rifles, in response to the Government of India Resolution No. F.-829, dated 8rd November, 1923, in the Home Department?

**The Honourable Sir Alexander Muddiman:** Government have no information on the subject.

OPENING OF A BRANCH POST OFFICE NEAR THE DARGAH KHAWJA . NIZAMUDDIN IN DELHI.

1212. **\*Haji Wajihuddin:** Are the Government aware (a) that there was a branch post office some 8 or 10 years ago at the Dargah Khawja Nizamuddin itself, (b) it was since removed to Arab Serai very adjacent to the said Dargah without causing inconvenience to the general public there, (c) that the post office has now been removed to Youngpura at a distance of about 2 miles from Nizamuddin, (d) that repeated representations were made by the people concerned, to have the branch post office opened independently or transferred from Youngpura to remove the great inconvenience of the people there, (e) if the answers be in affirmative, will the Government be pleased to state what action do the Government propose to remove such inconvenience, (f) will the Government be pleased to state the average income of sale proceeds in stamps and parcel postage, etc., also the numbers of letters, packets and parcels, both registered and unregistered, respectively, posted from Arab Serai post office which was adjacent to the Dargah Nizamuddin during the last 8 years?

**Sir Geoffrey Clarke:** (a) Yes, for 5 months in 1915.

(b) Yes.

(c) Yes.

(d) No. Only one application has been received.

(e) The question of opening a post office near the Dargah Khawja Nizamuddin in Delhi has already been considered and was dropped as no suitable building was available. If the trustees of the Dargah can assist in finding suitable accommodation for a post office, I shall be glad to reconsider the matter.

(f) The information available shows that on an average only Rs. 5 worth of stamps was sold and 4 parcels were booked at the Arab Serai post office daily.

**Mr. K. Ahmed:** Is there any post office in India whose income, either by sale of postage stamps or deliveries of letters is much less than that, or as much as it is?

**Sir Geoffrey Clarke:** There are plenty of rural post offices whose income is less, but in a city we have to see whether a post office is justified in a particular locality. If the Dargah will find a suitable place for a post office, we shall consider it.

**Mr. K. Ahmed:** Is the Honourable Member aware that both the Hindus and the Muhammadans have great respect for the Khawja Nizamuddin (Awlia) and we Members of the Legislature coming from different parts

of India take part in its ceremonies by going there? I shall be thankful if the Government will be good enough to take some steps there for the purpose of improving communication. Do Government propose to take steps to remove their grievances?

**Sir Geoffrey Clarke:** When the city gets a little quieter, I will go down and try and settle the matter.

**CIRCULATION OF FORGED 100 RUPEE CURRENCY NOTES IN CERTAIN  
BIG COMMERCIAL CENTRES.**

1213. **\*Haji Wajihuddin:** Is it a fact that a quantity of forged G. C. notes for Rs. 100 each are pouring into certain big commercial centres of India and bearing "water-mark" too, distinction by the public is almost impossible and, if so, what practical action (besides formal notification) have the Government of India taken to safeguard the due public interest and to discourage the evil prevailing. If not, what special precautionary measures do the Government propose to take in the near future?

**The Honourable Sir Basil Blackett:** The words used in the question give an exaggerated idea of the facts. A few Rs. 100 currency notes of a new forgery have been presented at certain currency offices recently. The forgery is well executed and bears a water-mark which is a reasonable imitation of that on a genuine note. Detection by the public, however, is possible mainly on account of the inferiority of the paper on which the forgery is printed. The police are making every endeavour to trace their origin.

**Mr. K. Ahmed:** Do Government propose for the benefit of the public to appoint an officer at the Currency Office, Calcutta, to help people at the time of exchanging currency notes as from time to time the Honourable Member's Department has been prosecuting people who are neither thieves nor anything of that sort.

**The Honourable Sir Basil Blackett:** I do not think that question arises.

**Mr. Devaki Prasad Sinha:** Do Government propose to publish instructions for the guidance of the public to enable them to detect these notes?

**The Honourable Sir Basil Blackett:** No, Sir.

**Mr. K. Ahmed:** In view of the fact that the Honourable Member himself admitted that there were a number of cases, do Government propose for the benefit of the public to appoint a public officer to help the people going to exchange notes at this currency office who are neither thieves nor anything of the kind?

**The Honourable Sir Basil Blackett:** I am sure the officers of the Currency Department are always glad in the interests of the country to help the people.

**Mr. K. Ahmed:** Are Government aware that in the Calcutta Currency Office as soon as a numbered note is presented by the people, they take them to the lock-up if the note is found to be spurious according to their belief, although as a matter of fact it is at that time impossible for them to detect whether, it is actually spurious or not, and the people are kept in the lock-up till they are sent up to the court for trial?

**The Honourable Sir Basil Blackett:** If the Honourable Member will put this question down, I shall be able to remember the first part before he has reached the last.

**RULES ISSUED BY THE HIGH COURTS TO GIVE EFFECT TO THE RECOMMENDATIONS OF THE INDIAN BAR COMMITTEE.**

**Mr. Devaki Prasad Sinha:** May I ask a question of which I have given private notice to the Honourable Member?

(a) Will the Government be pleased to state how many High Courts in India have decided to give effect to the recommendations of the Indian Bar Committee? What steps have such High Courts taken in this direction?

(b) Are Government aware that the Patna High Court has so far taken no steps to give effect to the recommendations of the Indian Bar Committee, while the High Courts in Calcutta and Rangoon have already enrolled and are enrolling a large number of Vakils as Advocates?

(c) Will Government consider the advisability of urging the Patna High Court to take steps for enrolling Vakils as Advocates, in accordance with the unanimous recommendations of the Indian Bar Committee?

**The Honourable Sir Alexander Muddiman:** (a) So far as the Government of India are aware the Calcutta, Madras and Rangoon High Courts have issued rules to give effect to certain recommendations of the Indian Bar Committee. The Madras High Court have issued a rule permitting vakils and attorneys of ten years standing to be enrolled as Advocates without having passed the M. L. Examination, and have some further rules under consideration. Certain rules framed by the Calcutta High Court were published with the Home Department notification No. F. 422/24-Judicial, dated the 5th September 1924, and they have also some further rules under consideration, while the rules framed by the Rangoon High Court were published in the Burma Gazette under the High Court's notifications Nos. 25 and 26 (General), dated the 22nd December 1924.

(b) Yes, but they understand that the Patna High Court is awaiting legislation in this Legislature before taking any action itself.

(c) The suggestion will be considered along with other proposals when the replies of the Local Governments to the reference made by the Government of India to the Local Governments and High Courts are complete.

**Mr. Devaki Prasad Sinha:** Sir, will Government be pleased to send a reminder to the Local Government of Bihar and Orissa, urging them to expedite answering the letter of the Government of India because the Patna High Court are seeking to prolong the matter?

**The Honourable Sir Alexander Muddiman:** I think the Bihar and Orissa Government have answered the letter.

**Diwan Bahadur T. Rangachariar:** May I ask whether the Government are aware that the rules made in the Madras High Court are more likely to evade the recommendations of the Bar Committee than to adopt them?

**The Honourable Sir Alexander Muddiman:** Sir, I am not aware of that.

**Mr. Devaki Prasad Sinha:** Will the Honourable Member state if the Bill which he proposes to introduce in this House, or publish in the Gazette after the adjournment of this House, will also include compulsory provisions for enrolment of vakils as advocates of the different High Courts?

**Mr. K. Ahmed:** I rise to a point of order. Is not that a matter of opinion, Sir, which the Honourable Member is not entitled to ask?

**The Honourable Sir Alexander Muddiman:** I do not think the Bill will contain provisions for compulsorily enrolling anybody. I think that would be grave attack on the liberty of the subject.

**Mr. Devaki Prasad Sinha:** But will that Bill contain rules and regulations for enrolment of vakils of all the High Courts?

**The Honourable Sir Alexander Muddiman:** I am not prepared to answer that question off hand. I do not carry the exact provisions of the Bill in my mind, but it is mainly to give effect to the proposals of the Indian Bar Committee.

#### PENSIONS OF MILITARY PENSIONERS RESIDENT IN INDIA.

**Colonel J. D. Crawford:** With your permission, Sir, I would like to ask the following question of which the Honourable Mr. Burdon has agreed to accept private notice:

Will the Government be pleased to state the reasons governing the grant of concessionary rates of exchange to some persons in the case of certain categories of military pensions paid by the Indian Government?

In view of the undoubted hardships caused to military pensioners resident in India owing to the payment of pensions in sterling and which are therefore subject to material fluctuations owing to exchange, are the Government prepared to consider the grant of similar concessions to all military pensioners paid by the Indian Government who supply the necessary certificate of residence in India?

Will the Government of India be pleased to state what action, if any, it has taken to press on the War Office the necessity of similar exchange concessions to Chelsea and other military pensioners resident in India when men are paid by the Imperial Government, and if so, what has been the result?

Will the military authorities in India be pleased to bring to the further notice of the Imperial Government the hard case of this deserving body of Government pensioners?

**Mr. E. Burdon:** The attention of the Honourable Member is invited to the rules published with Resolution No. 167-C. S. R., dated the 1st February 1921, from which it will be seen that a privilege rate of exchange was adopted only for the purpose of preserving the existing rights of present incumbents. This was in accordance with common and equitable practice in matters of this kind.

For all future entrants it was laid down that sterling pensions, if drawn in India, must be converted at the current rate of exchange.

The Government of India do not propose to extend the concession. The reason is apparent from the answer to the first part of the question.

The Army Council's attention was drawn to the concessions which the Government of India had given their pensioners, namely, that persons on pensions and in service on the 1st February 1921 with certain existing privileges were not deprived of those privileges and the Army Council were asked if they were prepared to act in a similar manner as regards the Chelsea pensioners. The Army Council did not accept the suggestion.

The Government of India have received many petitions from Chelsea pensioners alleging hardship and they have referred to the matter more than once, but they are not in a position to criticise decisions given by the Secretary of State for War in a matter concerning His Majesty's Government.

**Colonel J. D. Crawford:** Am I to understand from the Honourable Member's answer that Chelsea pensioners in receipt of pensions on the 1st February 1921 would have received payment of their pension at the special rate of exchange of 1s. 4d., if the Government of India had been responsible for the payment of their pensions?

**Mr. E. Burdon:** That would have been consistent, Sir, with the action which the Government of India took in regard to their own pensioners.

**Colonel J. D. Crawford:** Is there any possibility of the Government of India considering the granting of a fixed rupee rate of pension for pensioners who eventually decide to retire in India?

**Mr. E. Burdon:** We do not propose to consider that, Sir.

**Diwan Bahadur T. Rangachariar:** May I ask whether these conversions would not entail additional or new expenditure which would have to go before the Standing Finance Committee under the rules pertaining to it?

**The Honourable Sir Basil Blackett:** As a military charge I do not think it would do so. It would certainly involve additional expenditure.

**Diwan Bahadur T. Rangachariar:** If my recollection serves me right, all items of new or additional expenditure, even on the military side, used to be brought before the Finance Committee. I do not know if that practice has ceased to be followed.

**The Honourable Sir Basil Blackett:** I do not think that is the case with regard to military expenditure, but I am not quite sure that this is not a civil charge.

**Diwan Bahadur T. Rangachariar:** Will the Honourable the Finance Member take note of it and see that if the rules require them to be placed before the Finance Committee these items are so placed?

**The Honourable Sir Basil Blackett:** There is no proposal I understand to incur any additional expenditure.

**Mr. E. Burdon:** The Resolution is one of 1921.

#### DISLOCATION OF THE SALT TRADE OWING TO THE REDUCTION OF THE SALT DUTY.

**Mr. W. S. J. Willson:** Sir, may I ask a question of which I have given the Honourable Member private notice? The question is in two parts.

(a) Having regard to the voting in the House yesterday that the salt duty be reduced to Re. 1 per maund, are Government aware that the immediate effect of this will be to deter salt merchants from paying in any duty into the Custom House at all, and will therefore keep the Customs staff at the *golas* idle and hold up the wholesale distribution of salt until the matter is finally decided, when there will be thorough dislocation of the trade in the rush to make up arrears?

(b) Will Government be pleased to state whether they will be prepared to accept payments of salt duty now at the rate of Rs. 1-4 with the promise of refunding the extra 4 annas should the Government finally decide to give effect to the vote of the House?

**Mr. K. Ahmed:** And I add, Sir, for an explanation of what had happened in 1923 when the salt duty was increased to Rs. 2-8 from Rs. 1-4.

**Mr. A. H. Lloyd:** (a) The Government of India understand that the position now existing with regard to the salt duty will probably cause inconvenience to those engaged in the trade.

(b) The Government of India do not contemplate any departure from the terms of section 87 of the Sea Customs Act under which the rate of duty applicable to salt cleared direct will be the rate in force on the day when the bill of entry is delivered but the rate of duty applicable to salt warehoused under the Act will be the rate in force on the date of the actual removal of the salt from the warehouse.

**Mr. K. Ahmed:** Did a similar thing happen in March 1923 when the salt tax was doubled from Rs. 1-4 to Rs. 2-8?

**Mr. A. H. Lloyd:** A somewhat similar position did arise and will always arise when duties are altered.

**Mr. W. S. J. Willson:** I would like to put a supplementary question. I think the Honourable Member has not quite clearly understood the import of my question. The salt duty having been reduced to Re. 1 by the vote of this House the trade will expect to pay Re. 1 but the Government will not accept less than Rs. 1-4. The Honourable Member who spoke well knows that after the payment of duty into the Customs House it frequently takes from ten to fourteen days to get delivery of the salt; and my point is that if the trade cannot be expected to pay duty until the 1st April, no business at all can be done for the next fortnight.

**The Honourable Sir Basil Blackett:** The position is not really quite the same as in 1923, because the Bill in 1923 proposed to raise the duty as from the date of the introduction of the Finance Bill. In this case the Bill as it stood said with effect from the 1st April 1925 the duty shall be Rs. 1-4 and the vote of the House did not alter the rate of duty between now and the end of this month. The Government have no intention of taking any steps in regard to the matter.

**Mr. K. Ahmed:** Do Government propose to send this Bill back from the Council of State for further consideration of this House?

**The Honourable Sir Basil Blackett:** I would refer the Honourable Member to the famous answer given by the Earl of Oxford and Asquith "Wait and See!"

**Mr. W. S. J. Willson:** Do I clearly understand the Honourable the Finance Member to say that he accepts the position that the salt trade must be tied up for the next fortnight?

**The Honourable Sir Basil Blackett:** I do not lay stress on the fortnight but I accept the position.

# STATEMENTS LAID ON THE TABLE.

**The Honourable Sir Alexander Muddiman:** I lay on the table two statements giving the information, which was promised by me in reply to a question asked by Babu Runglal Jajodia on the 27th February 1925, regarding certain Committees and so far as is known at present, the cost of each such committee, which supplement the statements reproduced at pages 2182 to 2184 of Volume IV of the Legislative Assembly Debates.

*Statement showing the cost of certain Committees.*

Serial No.	Name of Committee.	By whom appointed.	Cost.		REMARKS.
			Rs.	A.	
1	The Reforms Inquiry Committee.	Government of India at the instance of the Indian Legislature.	46,000	0	Actual.
2	Carriage and Wagon Standards Committee.	Government of India .			Cost not available. Committee still sitting.
3	Track Committee . .	Ditto .			Ditto.
4	Locomotive Standards Committee.	Ditto .	44,824	0	Actual.
5	Colonies Committee . .	Ditto .	37,770	4	Actual.
6	Committee appointed to inquire into the question of giving financial assistance to the Lady Hardinge Medical College, Delhi.	Ditto .	8,000	0	Estimated.
7	The Auxiliary and Territorial Forces Committee.	Government of India at the instance of the Indian Legislature.	17,500	0	Estimated.
8	Indian Taxation Inquiry Committee.	Government of India .	1,08,000	0	Approximate.
9	Indian Economic Inquiry Committee.	Ditto .	Nil.		
10	External Capital Committee.	Ditto .	...		Cost not yet known.
11	Coal Committee .	Ditto .	66,100	0	Estimated.
12	Tariff Board . . .	Government of India at the instance of the Indian Legislature.	1,96,885	0	Estimated Supplementary cost.
13	Indian Mercantile Marine Committee.	Ditto .	28,400	0	Ditto.
14	Post and Telegraph Committee.	Government of India .	30,000	0	Approximately.
15	Indian Fiscal Commission.	Government of India at the instance of the Indian Legislature.	3,47,803	0	Actual.

NOTE.—Except Nos. 12 and 13, which were appointed in 1923, and No. 15, which was appointed in 1921, all of the others were appointed after March 1924.

*Statement showing the cost of certain Standing Committees and Select or Joint Committees.*

Serial No.	Name of Committee.	Cost of sitting of Committee.	REMARKS.
		Rs.	
1	The Public Accounts Committee . . .	1,900	Approximate.
2	The Standing Finance Committee . . .	1,280	Do.
3	Sub-Committee on the separation of Railway from Central Budget.	80	Do.

### THE INDIAN FINANCE BILL.—*contd.*

**Mr. President:** The Assembly will now resume consideration of the Finance Bill. The question is that Schedule II stand part of the Bill.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I rise to move my amendment which stands as No. 32: on the paper, namely:

"That in Schedule II to the Bill, in the entry under the head 'Book, Patterns and Sample Packets' for the words 'five tolas' the words 'ten tolas' be substituted."

I may say, Sir, at the outset that the effect of my amendment is to halve the present charge which is 4 annas for every 40 tolas of books, patterns and sample packets sent by post. I am sure that before the House vote on this they would like me to put before them my reasons justifying this change, in view of the fact that I opposed the reduction of stamps and post-cards yesterday. I also expect the House would like me to tell them how I think the necessary funds could be found. I, Sir, will try to put my grounds in these two directions before the House as briefly as I can. Before I begin that, Sir, I would like to remind the Director General of Post Offices who in yesterday's debate asked the House to remember what it meant for the Indian Post Office to carry for half anna and one anna post-cards and letters from one corner of India in the extreme south to the utmost north. I admire the working of the Post Office and I am a great believer in disturbing the working of the Post Office as little as possible on the score even of economy. But I would like to remind the Director General that what he is doing here in India for the customers of the Post Office is being done all the world over, and if he will only recollect that for a penny you get a post-card sent you and delivered at your doors across the seas extending over 6,000 miles, then the achievement of the Indian Post Office is nothing very superior. The fact, Sir, is that the Post Office is one of the boons of civilisation and of agreement between the various nations; if we are sharing that boon it is only in accordance with what is happening in all civilised parts of the world. I would like the Post Office to be retained in the present standard of efficiency, and I am sure that even the Member in charge of that Department will not mind any additional improvements or facilities which may be suggested in that direction.

Sir, on the Demand for Grants, the Honourable Sir Bhupendra Nath Mitra said that I was confusing commercialisation of accounts in the Posts and Telegraphs Department with the question of policy. I did not reply to him then, because I knew that I would get an opportunity of replying to that charge of his to-day. I can assure my Honourable friend that I did not confuse the two; but I submit that it is the Government which confuse the two. Basing their action for commercialisation of the accounts of the Department, I submit that what the Posts and Telegraphs Department have done is that under the protection of the recommendation of the Inchcape Committee in connection with accounts they are following a commercial policy in the Postal Department; they debit 66 lakhs for interest on capital expenditure . . . . .

**Mr. President:** I am afraid I cannot allow a discussion on the commercialisation of Post Office accounts now.

**Sir Purshotamdas Thakurdas:** I do not propose to discuss it at all in discussing this amendment; I only mentioned it because I had to make out that the Department can stand this reduction. I propose merely to refer to it and not to discuss it, Sir. As I was saying, they debit Rs. 66 lakhs outright for expenditure as interest on capital expenditure incurred in the two Departments. Now, I asked Sir Bhupendra Nath Mitra last time to tell me whether the capital expenditure in the Posts and Telegraphs Department when it was incurred, was not incurred out of the revenues of each year; and if it was debited to the revenues of each year, I submit that it is not necessary—I go further and say it is not fair to expect the postal and telegraph customer to pay it over again each year in the shape of interest. I feel, Sir, that this sort of policy which is being followed may be well said to be a commercial policy, and I submit there is little justification for it—in fact there is hardly any. But I go further and say that, even supposing that they have decided to follow this commercial policy in regard to the Post and Telegraph Department, they are not consistent. For we have this fact; the Assembly have approved that at least one department of the Government of India should be managed on commercial lines, namely, that it should undertake such enterprises as will be self-supporting. That department, Sir, is the Railway Department; and the Railway Department consistently follow that policy. They do not undertake—whether I agree with that policy or not is a different matter, I am only putting the facts before the House now—the Railway Department have since the last two years not undertaken any new railway construction unless a new scheme promises a return of 5 or 5½ per cent. That, I say, is consistent. The Postal Department on the other hand, while they look at the policy of the department on a commercial basis, do not even exercise this very necessary caution. I will give only one instance to the House why I feel that the Postal Department are not consistent. Sir, the Postal Department are putting up a big telegraph office at Raisina. We were told in the Finance Committee that that is in substitution of the Central Telegraph Office which at present is located at Agra. When that subject was discussed in the Finance Committee I inquired whether the Postal Department had satisfied themselves and were prepared to satisfy the Finance Committee that this change of the Central Telegraph Office from Agra to Delhi would either be self-supporting and meet its own charges or whether it would be remunerative to the extent of five per cent. which is the rate of interest which I am sure the Finance Department would expect the

[Sir Purshotamdas Thakurdas.]

Postal Department to reimburse the general revenues. The reply we were given was that no such figures were gone into and the scheme was undertaken and was being pushed on because it was recommended by the Finance Committee of a previous year. But, Sir, since that Finance Committee of the Assembly recommended it—and I am prepared to stand by that recommendation so far as it goes—the Postal Department have changed their policy; they propose now to keep their accounts on a commercial basis and they have also adopted a commercial policy for the Postal Department. I therefore feel that the Department must take up one of two lines of action as far as their policy is concerned, either a totally commercial policy or a policy—which I think is the right one—of keeping their accounts on a commercial basis and having the policy—which would be the only justifiable policy—regarding this nation-building department, namely, the policy of meeting the wants of the people and giving them such facilities as the finances of the treasury each year will justify. I base this amendment of mine on the latter policy, namely, that the Postal Department need not follow an out and out commercial policy, but if they do that they should follow it out consistently. The correct policy for the Postal Department would be to give facilities to the people in directions where facilities are most urgently needed.

I have therefore one point to make only, namely, that the amendment that I propose before the House is one which is very necessary and requires to be considered this time. The amendment affects books, patterns and sample packets by post. The charge works out, as it is put in the Schedule to the Bill, to four annas for forty tolas. Now, Sir, the present rate of four annas for forty tolas is too high. Under this rate, a packet of forty tolas requires four annas, whether it has to travel from one part of Calcutta to the other, whether it has to travel from one part of Bombay to the other—say from Kalvadevi to the Fort,—or from Bombay to Japan, Africa or America. You pay four annas for forty tolas if you have to send a packet from India to any other country like the United Kingdom, America, Japan or Africa and they charge the same rate for inland postage. Now, every other rate of inland postage within India is roughly half of what the corresponding rate is for foreign postage. Only under this particular heading the rate is the same as for foreign postage. Foreign postage rates are based besides other considerations on the question of terminals at both ends. No such terminals have to be met out of or in connection with inland traffic and I therefore feel that on that basis alone that rate is too high.

I do not propose to go into the reasons as to what led the Government to fix the rate so high at the start, but the rate is so high now, that if it is reduced to a reasonable figure, namely, in keeping with the basis of your rates for post-cards, newspapers and letters, etc., the return on the reduced rates would be made up by the greater turnover that you will have. I, Sir, very strongly feel that this inconsistency in our postal guide should be set right by this House. I feel further that no reasons have been shown why for these book-post packets you should charge the same rate even in India as you charge for those that go out of India five or ten thousand miles away. I think, Sir, that what I have stated will suffice to impress the House as to why it is necessary to amend this part of the Schedule in preference to the others, for which also I admit there are sound reasons, but I am afraid we have no funds to justify us at present in pressing.

Now, Sir, the question of funds comes in. I wish to anticipate that, in view of what I said yesterday, it is not justifiable for me to press for any amendment which would bring in smaller receipts. I quite understand, Sir, that if the amendment is carried, it would mean a smaller revenue to the department to the extent of 10 or 12 lakhs of rupees. (Mr. Devaki Prasad Sinha: "Hear, hear") I find the Honourable Member over there is somewhat impatient. Now I wish to suggest that, as in the case of petrol the Finance Department and the Government of India take the view that with a smaller import duty the quantity of petrol to be imported into this country may well be expected to increase very materially, so in this case also the same view should be taken. I further feel, Sir, that if the Honourable Member over there has the figures with him, he might tell us what are the respective numbers respectively of the three varieties of book, pattern and sample packets in a year. I do not think the Department can give us that information, perhaps they cannot. But my fairly reliable information is that the bulk of this traffic consists of book packets and that samples and patterns are comparatively small in number. I know, Sir, the anxiety of a few Members in this House to connect everything that one may say in this House with his own interest. The Honourable Member who thought fit to interrupt me a few minutes back might come to the conclusion that because I as a merchant have to send out sample patterns therefore I am making the present proposal. Nothing of the sort, Sir. I suggest to the House that even if they wish to make a distinction there, they may easily move an amendment, namely, that on patterns and sample packets the rate may be kept the same as it is to-day. But I plead here to-day for book-post packets on which, I submit, the rate should be reduced without any question. Book-post packets, Sir, I understand, are very necessary for the dissemination of as much printed material as possible through the post in India . . . . .

**Mr. Devaki Prasad Sinha:** And for propaganda purposes.

**Sir Purshotamdas Thakurdas:** I leave the propaganda to my Honourable friend who seems to be so anxious to do it. It will greatly benefit him.

Sir, I feel very strongly that all possible facilities should be afforded to the public for sending books and other printed material from one part of India to another as cheaply as possible. I am not asking for any extraordinarily low rate. I am asking for a rate which is in keeping with the charges for inland and foreign articles and letters. Again, I say, that if the House wish it so they may exclude patterns and sample packets; I do not think the Postal Department will have any difficulty in saying that the book-post should carry the lower rate which I recommend in my amendment and packets and sample patterns may carry the higher rate. I personally feel, Sir, that the question of sacrifice of revenue would be very very small indeed. In fact, it would give so much encouragement to book-post packets being carried by the post that the return may be the same as the Postal Department anticipate on the existing higher basis. I therefore strongly recommend the reduced rate on book, patterns and sample packets. Sir, I move my amendment.

**Mr. Devaki Prasad Sinha** (Chota Nagpur Division: Non-Muhammadan): Sir, I am very glad that my Honourable friend Sir Purshotamdas Thakurdas has come out like a real capitalist. (Mr. K. Ahmed: "In true colours".) We have, Sir, in the course of our discussions during the

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last few days heard different interpretations of the word "commercialisation", but it was not until this morning that we came to know that a certain section of public opinion in this country understands by the word "commercialisation" that it is merely a device to benefit trade and commerce. This amendment, if carried, will involve, a very very small reduction in the revenue to the extent of 15 or 20 lakhs—that is what the Honourable Mover said. Well, Sir, the smallness of an amount is always a relative term, and I can quite understand my Honourable friend Sir Purshotamdas Thakurdas regarding 15 or 20 lakhs as a small amount.

**Sir Purshotamdas Thakurdas:** Will the Honourable Member bear in mind the fact that if my amendment is carried it would mean a smaller revenue to the Department to the extent of only 10 or 12 lakhs and not 15 or 20 lakhs. What is the good of making such misleading statements before the House?

**Mr. R. K. Shanmukham Chetty:** What does he understand about commercialisation?

**Mr. Devaki Prasad Sinha:** I do not know whether my friend Mr. Chetty or my friend Sir Purshotamdas Thakurdas is a chartered interpreter in this House.

**Sir Purshotamdas Thakurdas:** That monopoly is given to the Honourable Member himself, Sir, and nobody wishes to disturb him.

**Mr. Devaki Prasad Sinha:** But the point we have to bear in mind in discussing this question is this: how far it is necessary in the interests of the tax-payers to reduce the amount that is fixed in the Finance Bill. Well, Sir, who are the people that are going to be benefited by the amendment of my friend Sir Purshotamdas Thakurdas? In the first place, it is men who are under the necessity of sending out large circulars and patterns, and secondly, that class of men who have in the course of the last few months been sending propaganda literature . . .

**Mr. R. K. Shanmukham Chetty:** You can send your Red leaflets also.

**Mr. Devaki Prasad Sinha:** I wish, Sir, that for the purpose of our propaganda we had at least one-hundredth part of the resources of those who are carrying on propaganda for their own purposes.

**Pandit Shamlal Nehru:** What do you mean by "our propaganda"?

**Mr. Devaki Prasad Sinha:** But, Sir, when we are asked to accept an amendment of this kind, we are entitled to ask, what benefit does it bring to the community as a whole? The only result which this amendment will produce will be to take away 15 or 20 lakhs of rupees from the revenues of the Post Office and put that amount straightaway into the pockets of big merchants and magnates of Bombay and other places. It is for the House to decide how far they deserve the charity of this House. I know, Sir, that in this session as well as in the previous sessions they have come forward with begging bowls representing themselves as the poorest people on the face of the earth and pleading that they deserve the sympathy of this House more than any other section. Sir, we have been mystified by arguments like this for a pretty long time. We have been led

(*An Honourable Member*: "misled.") misled—I am very glad my Honourable friend has corrected me—we have been misled into actions which cannot be justified either on moral or financial principles. (*An Honourable Member*: "Who misled you?") I hope, Sir, that on this amendment we shall adopt a strong attitude and we shall show to those who are anxious to bring about the commercialisation of this Department in a way that would help them in their own commercial propaganda, we shall show to them that this House is no longer in a mood to be fooled by them. (Hear, hear.) I very strongly oppose this amendment of my Honourable friend Sir Purshotamdas Thakurdas, and I hope, Sir, that, when this House is considering the amendment proposed by my Honourable friend, it will bear in mind the arguments that were used by my Honourable friend Sir Purshotamdas Thakurdas yesterday when he came forward as an eloquent champion of raising the tax on salt.

**Sir Purshotamdas Thakurdas**: Raising? Let the Honourable Member be more truthful, at least.

**Mr. Devaki Prasad Sinha**: I should say, not reducing the tax on salt.

**Sir Purshotamdas Thakurdas**: That is much better. Learn to be accurate at any rate.

**Mr. Devaki Prasad Sinha**: Sir, when relief for the poor people in this country is being discussed, then my Honourable friend Sir Purshotamdas Thakurdas is obsessed with his ideas of responsibility, but when the men of his community are in need of relief, then all ideas of responsibility are brushed aside. Only a few days ago he was accusing Sir Basil Blackett of concealing several crores of rupees in his sleeve, and yet yesterday he came forward as the self-constituted champion of the Finance Department.

**Sir Purshotamdas Thakurdas**: I leave that to the Honourable Member who is addressing the House.

**Mr. Devaki Prasad Sinha**: I need not do that. To-day he comes forward with a propaganda amendment which will reduce the finances of the Postal Department by several lakhs of rupees. I submit that that amount should be utilised for the purpose of improving the conditions of the workers in the Post Office and should not in any way be utilised for the purpose of helping a cause which I should like to describe by the only word that seems appropriate, namely, an "immoral" cause.

**Pandit Nilakantha Das**: May I ask my friend to explain, Sir? How if this amendment makes book packets cheap, will it alone benefit the commercial classes? Will the Honourable Member give me some idea of the division of the money which comes from it—how much belongs to book packets and how much to patterns and sample packets?

**Mr. Devaki Prasad Sinha**: If my Honourable friend analyses the figures published in the last report of the Director General of Post and Telegraphs, he will find that the bulk of the articles under this head are those that are used by members of the commercial community. It is only very few leaflets that are used by the rank and file of the people of this country. It is only the business men who require a large number of catalogues and sample patterns to be sent for the purpose of their own canvassing and also who distribute a large number of propaganda leaflets for capturing

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the votes of Members of the Legislative Assembly or the Legislative Council and use these methods of disseminating information. I believe, Sir, that this amendment is not going to benefit anybody except those who are interested in sending sample packets, catalogues and propaganda leaflets, etc. It is only another step in the advancement of their propaganda for the purpose of corrupting public opinion and of trying to gain the support of Members in the name of patriotism to such measures as affect directly their own purse and their own interest. I very strongly oppose this amendment and I hope, Sir, that this House will unhesitatingly throw out this amendment for the self-same reasons which my Honourable friend Sir Purshotamdas Thakurdas advanced yesterday when he was dealing with the amendment for the reduction of the salt duty.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Sir . . .

**Khan Bahadur W. M. Hussanally** (Sind: Muhammadan Rural): May I, Sir, congratulate my friend Mr. Kabeerud-Din Ahmed on having emerged voluntarily out of his long and enforced silence throughout the session.

**Mr. K. Ahmed:** Sir, whenever I am on my way to this Assembly, I always make up my mind not to inflict a speech in this Assembly and tire the Honourable Members. But, Sir, to-day, when I was listening to the speech on the amendment of my Honourable friend from Bombay, some enthusiastic idea has stirred my heart, and I feel compelled, Sir, to inflict, which I never do, an uncompromising speech—a speech that will not cheer particularly the handful of people coming from the Bombay side. Sir, I am surprised. I know there are “seven wonders” in the world. (Laughter.) But this—is this not probably the ‘eighth’ wonder that I find in this Assembly, the Honourable Member has come out in his true colours. Yesterday, Sir, when my Honourable friend from Bombay was walking in the lobby with the Government, when the voting on the quarter-anna post-card took place, I thought I would vote against the Government. After my Honourable friend went slowly and sadly yesterday towards the lobby of the Government and voted there against the quarter-anna post-card, what principle is there in his moving to-day an amendment for the reduction of these big packets of patterns circulated by the profiteers in this country in order to make an addition to their wealth? What sense is there in voting yesterday against the quarter-anna post-card and again bringing up an amendment himself to-day contrary to that principle? Because it helps only those handful of merchants, profiteers, and money-grabbers; people do not like them. In the interests, Sir, of the millowners, of a handful of wealthy people, what sense is there in going into the lobby against the interest of the country, against the interest of the poor people, against the interest of the people who expect the Honourable Member to give them his sympathy and support in every matter? And now, Sir, in order to circulate its own propaganda—we have heard from the other side from my Honourable friend from Bihar and Orissa that the book, Sir, is very nicely bound up for advertisement and got up ornamentally to attract public attention and to extort money from the sons of poor people as for instance school and college students probably. Their people cannot get a morsel or a full meal per day, and by that sort of thing possibly! Does it look nice? Sir, I am not going to bother the House. Of course, I have got to say much. (*Pandit Sham Lal*

*Nehru*: "Say it.") But, if the Honourable Member will kindly withdraw the amendment, because we have got more important subjects, I suppose I shall congratulate him from the bottom of my heart. And if he does not, he knows what the voting will be on this amendment—probably there will be again things which will divide the House—again, Sir, probably he will find disappointment when the counting takes place.

Well, Sir, instead of incurring the displeasure of the other Members who are very anxious to speak I see them jumping up from their seats—I will resume my seat.

**The Honourable Sir Bhupendra Nath Mitra** (Industries Member): Sir,  
12 NOON. I do not wish to detain the House for any length of time over this matter. My friend Sir Purshotamdas, I am afraid, has not clearly understood the policy of Government in this matter of the Post and Telegraph Department though I have explained it fully on two previous occasions. I must therefore repeat what this policy is. Government desires that the Post and Telegraph undertakings must pay their way. This does not mean that each individual item must necessarily be a paying item, but the Post and Telegraph Department taken as a whole should not be carrying the letters and mails and sending the telegrams of the people of India at the expense of the general tax-payer. The Post and Telegraph Department in that respect differs undoubtedly from the Railways. One of the reasons for the difference is that postal rates are average all-India rates, while railway rates are graduated rates. If before we decided to open a post office in a distant village in India, we wanted to assure ourselves that that particular post office would pay its way, obviously we could not open that post office unless we introduced a system of graduated rates which would depend on the distance the letter or the parcel had to travel, and on other circumstances.

The next point which my friend urged was that the Department incurs a certain amount of unprofitable expenditure which is incompatible with the idea of commercialisation. He referred to the telegraph office at Raisina. My friend forgets that the finances of the Post and Telegraph Department have not been separated from general finances in the same way as those of Railways have been separated. In view of that separation, Railways have to pay to the general tax-payer a certain amount of contribution. The Postal Department pays no such contribution yet. Nor does it pay the State any royalty. Therefore, so long at least as that state of things lasts, the Post and Telegraph Department has to incur a certain amount of expenditure, which may be unprofitable to it, in the interests of the administration as a whole.

I turn now to the commercialisation of the accounts. As I said the other day, the idea of commercialisation of accounts was not responsible for the policy. It follows on the policy. If it is the policy of Government that the Postal and Telegraph Department as a whole should pay its way, it follows that the accounts should be so maintained as to indicate whether the Postal and Telegraph Department as a whole is paying its way or not. In this connection, Sir Purshotamdas referred to the charge of interest which will be made to the Postal and Telegraph Department on its capital assets on 1st April 1925—I shall not call it capital expenditure, because I have explained on two previous occasions, that following a recommendation of the Inchcape Committee, interest will be charged on the

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depreciated value of capital. Now, Sir, if the general tax-payer in a past year contributed something out of general revenues for capital expenditure of the Postal and Telegraph Department, and by doing so deprived himself of additional facilities for education and sanitation, is it not fair, and only fair, that the general tax-payer should ask the Department for return of interest on that capital so that he can recoup himself and make up the leeway which he has got to make up in regard to the development of education and sanitation?

**Mr. K. Rama Aiyangar:** Not on capital contributed by postal revenues.

**The Honourable Sir Bhupendra Nath Mitra:** Sir Purshotamdas also referred to the fact that the foreign rate for book packets is the same as the inland rate. That is undoubtedly the present position, but if I may say so, it is an accident. I have got before me statistics showing what the English rates have been in the past. I find that in 1921, the English rate was double the present rate. I mentioned to the House a few days ago that in England they had made vigorous efforts to balance the accounts of the Post Office and the Telegraph Department as a whole, *i.e.*, they wiped out by a large increase in postal rates, much larger than has taken place in India, a deficit much larger than in India, in the section of the accounts which related to Telegraphs. Having done so, and having reached equilibrium, they then managed to secure a certain amount of surplus; and when they had reached that stage, they began to reduce some of these minor rates. As part of these reductions, in 1923, they brought down their rate for printed papers to the present level. In fact, as I have already said, the rates adopted in the Postal Department are average rates and they are largely dependent on the state of the finances of the Department as a whole. The effect of the reduction proposed undoubtedly will be, as has been mentioned by several other Members in this House, to take away the funds which are at present available for the development of the nation-building services, and personally I do not see any need for it.

**Sir Purshotamdas Thakurdas:** Will the Honourable Member name the amount which he expects will be less received by this reduction?

**The Honourable Sir Bhupendra Nath Mitra:** I do not question his figure of Rs. 10 to Rs. 12 lakhs.

**Sir Purshotamdas Thakurdas:** That is the reduction you apprehend, or is that the total income at present?

**The Honourable Sir Bhupendra Nath Mitra:** That is the reduction in revenue.

**Sir Purshotamdas Thakurdas:** I only wanted the figure.

**The Honourable Sir Bhupendra Nath Mitra:** That is the reduction in revenue. My friend Sir Purshotamdas said that there would not be this reduction, because the traffic would jump up if we reduced the rates. If we are to judge from the figures which I placed on the table of this House the other day, I am afraid I can not share his optimism. When we doubled the rate in 1921, there was no reduction in traffic. In fact, the traffic has gone on increasing with the exception of the one set-back which it received during the early days of the war. Therefore, I see no reason to share his optimism that if we reduced this rate, the traffic would increase to such a large extent as to make the loss of revenue practically negligible.

**An Honourable Member:** I move that the question be now put.

**Mr. President:** The question is that the question be now put.  
The motion was adopted.

**Mr. President:** The question is:

"That in Schedule II to the Bill in the entry under the head 'Book, Patterns and Sample Packets' for the words 'five tolas' the words 'ten tolas' be substituted."

The motion was negatived.

Schedule II was added to the Bill.

**Mr. B. Venkatapatiraju** (Ganjam cum Vizagapatam: Non-Muhammadan Rural): Sir, I do not know whether the Government agree to my proposal to a partial increase of taxation in one respect so as to decrease taxation in other respects. If the Government oppose this, perhaps I cannot move it. My amendments\* Nos. 33, 39 and 42 go together. The object of my amendments is this, that the companies which are not paying any dividends, which are not receiving any profits, should be exempted from taxation with reference to super-tax. I want to place both the registered and unregistered companies on the same level, which means necessarily an increase of taxation on registered companies. I do not want to proceed further if I am told that I cannot move it.

**The Honourable Sir Basil Blackett:** May I intervene for a moment? As regards amendments Nos. 33 and 39, they are, I think, in order as they do not increase taxation on any one. But amendment No. 42 does increase taxation. The Government have studied this proposal, and while they see that the Honourable Member has quite rightly proposed to give back to revenue in one form part at any rate of what he proposes to take away in another, I am afraid the result would not show that they balance, and the amendment is not one which we can accept. No. 42 would, I think, be out of order. But Nos. 33 and 39 I think do not by themselves increase taxation on any one, and if the Honourable Member cares to move them Mr. Lloyd would be glad to explain Government's position.

**Mr. President:** So far as amendments Nos. 33 and 39 are concerned, they are in order; but, in so far as amendment No. 42 is a proposal which entails a liability to a graduated scale, it must increase the burden on the subject. If the Honourable Member thinks that Nos. 33, 39 and 42 necessarily hang together as part of a single scheme, he may not move them, but so far as the question of order is concerned, he is entitled to move Nos. 33 and 39.

\*No. 33. In Schedule III to the Bill in Part IA for the words 'In the case of every individual Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or company' the words 'In the case of every individual Hindu undivided family, every company or firm registered or unregistered and every other association of individuals' be substituted.

No. 39. In Schedule III to the Bill Part IB be omitted.

No. 42. In Schedule III to the Bill in Part II—

- (i) entry No. (1) be omitted;
- (ii) in clause (b) after the words 'every individual' the words 'every company, every firm registered or unregistered and every other association of individuals' be inserted;
- (iii) all the words occurring after the words 'every individual' be deleted;
- (iv) the following clause be added:  
'no company or firm or association of individuals should be obliged to pay super-tax unless the dividends earned or divided exceed ten per cent. of their capital subscribed'.

**Mr. B. Venkatapatiraju:** As I am not permitted to move an increase of taxation in some respects regarding companies with a view to securing a reduction of taxation on companies which are not receiving any profits I do not propose to move them.

**Mr. A. H. Lloyd** (Member: Central Board of Revenue): I am afraid we cannot accept amendment No. 42, because the proviso which is added would still leave it possible that the Honourable Member's proposal for a graduated scale of super-tax would result in an increase of taxation on those who are making profits. As this is a point of order I must refrain from discussing certain objections in practice which we should be called upon to explain to the Honourable Member if he were to propose a Bill on the subject.

**Mr. President:** What about Sardar Gulab Singh's amendment?

**Mr. A. H. Lloyd:** That only relates to income-tax and not super-tax and it is, therefore, in my opinion quite in order. It does nothing to increase taxation.

**Sardar Gulab Singh** (West Punjab: Sikh): I rise to move my amendments Nos. 34 and 38, and I take them for discussion together as they are closely connected. The amendments are important enough as they affect the country in points of industry, economy and commerce. These big rates stand in the way of the formation of new small companies which is extremely important for the country in respect of the growth of cottage industries. I would ask Honourable Members to refer to Schedule III, Part IA. My amendment is:

"That in Schedule III to the Bill, in Part IA after the word 'unregistered' the words 'and registered' be inserted; and for the word 'firm' the word 'firms' be substituted."

**Pandit Shamlal Nehru:** May I know what cottage industry has to do with joint-stock companies?

**Sardar Gulab Singh:** And

"That in Schedule III to the Bill Part IB be omitted."

Sir, according to sub-section B of Part I of Schedule III every company and registered firm, whatever its annual income and whatever its capital may be, will have to pay income-tax at the rate of one anna and six pies in the rupee, whereas if the same firm or company works as an unregistered firm or company it will be called upon to pay an income-tax at that rate if its annual income is Rs. 40,000 and upwards. The result is that it is a distinct discouragement of registered firms or companies and an encouragement of unregistered firms. So innocent people are duped to join unregistered firms with the purpose of getting more profits by evading income-tax and are ultimately financially ruined. There are hundreds and thousands of instances where men joining in unregistered firms or companies have been made bankrupts by designing persons and frauds. Registration of firms or companies is a sufficient guarantee of their *bona fides*. Capitalists invest money in any business concerns for making profits and in order to do it Government give them the loophole of

not registering whereby they can avoid payment of large sums. Take a concrete example. A firm or company is unregistered and its income is Rs. 20,000, and as such it is expected to pay nearly Rs. 987 whereas by its being registered it will be called upon to pay the double . . . . .

**Mr. A. H. Lloyd:** May I ask if the Honourable Member is referring to companies or firms? We do not register companies. The distinction is between unregistered and registered firms.

**Sardar Gulab Singh:** Between companies and registered firms as it is given in the Schedule. Take another example. An unregistered firm's income is Rs. 2,000 and as such it is not paying any income-tax, whereas the same firm as soon as it is registered with the same income will be asked to pay nearly Rs. 200 as income-tax. Secondly, it operates against the growth of companies, banks and stores. Such registered firms are started with small capital and their income is very limited, but as a result of this sub-section they are subjected to a high rate of income-tax at the rate of one anna and six pies per rupee. Further, it operates against the growth of industrial development of the country. In these days the country requires the development of its resources by its indigenous capital, but Indian companies cannot be formed with big capital as in foreign countries. Naturally firms or companies with small capital cannot compete with firms or companies having large capital and large incomes. At the same time these small Indian companies are hampered by this big rate of income-tax. Lastly, I beg to add that by discouraging the registration of firms and of the formation of companies Government are losing much. In registering firms have, of course, to pay stamp duties and other fees which they avoid paying by not registering themselves. With these remarks, Sir, I move my amendments.

**Mr. President:** Motion moved:

"That in Schedule III to the Bill in Part IA after the word 'unregistered' the words 'and registered' be inserted; and for the word 'firm' the word 'firms' be substituted."

**Sir Gordon Fraser (Madras: European):** Sir, I am afraid the acceptance of this motion by the House would be a mistake. I did not quite follow the Honourable Member in his arguments, but it seemed to me that he totally overlooked section 48 of the Income-tax Act which definitely provides for relief in the cases of individual partners of registered firms. I will not read out the section because it is rather long. But talking of the subject generally it must be remembered that in India there is no Act in force at present for the registration of business names such as we have in England. A Registration of Business Names Act is one which is very desirable in this country in the interests of all concerned, especially the general public. I understand that one of the principal difficulties up to date in connection with the introduction of such an Act is the question of including Hindu undivided families. However, in the absence of a Registration of Business Names Act, I would strongly deprecate any alteration at present in the status of registered and unregistered firms. I would just mention the difference between the two classes of firms. In the case of an unregistered firm the proprietor or proprietors are unknown. There may be one or it may be a partnership of two or three. On the other hand, a registered firm has a partnership deed and that partnership deed is registered with the income-tax authorities. The unregistered firm is assessed to income-tax

[Sir Gordon Fraser.]

as though it were an individual; the profits of the unregistered firm are therefore taxed at the higher rate. The whole of the profits of the firm are taxed, and this means a higher rate of tax than if the profits were divided between various partners. In the case of a registered firm the tax is deducted at the maximum rate of one anna six pies, but each individual partner mentioned in the partnership deed may apply for a refund in cases where his total income does not bring him within the maximum rate of one anna six pies. This is provided for in section 48 to which I have just referred and which I think the Honourable Mover of the amendment overlooked in his argument. To put it briefly, an unregistered firm not having any partnership deed it is assumed that that firm is really a one-man firm. But in the case of a registered firm the partnership deed is put on the table and each partner is treated as an individual and assessed accordingly. If the rate of assessment is in excess of the rate applicable to his total income, then he gets a refund accordingly. This is explained very clearly in clause 9 of the rules. When the Honourable Mover put this amendment down I thought he was claiming better treatment for unregistered firms, but that did not seem to be the course of his argument. In the case of unregistered firms, if they have any grievance their remedy is very simple. It consists simply in drawing up a partnership deed incorporating the names of the partners and their shares of the profits. So if unregistered firms consider they have any grievance at all they can put that right at once. I think under present conditions it would be a great mistake to remove the present discrimination between registered and unregistered firms. In the case of persons trading as an unregistered firm it is quite a voluntary position for them and they can change it at any moment by drawing up a partnership deed. If they do not want to take advantage of this simple and obvious method, it rather looks as though they did not want to disclose their real names; and certainly that is not in the interests of the public generally. In the absence of a Registration of Business Names Act I think this discrimination is really most important. We have in India, or we have down in the south, firms of which we do not know whether they are one-man firms or partnership firms. So we have them trading under different names. Now in Madras we have firms like Curzon and Company, Wenlock and Company, Havelock and Company; and our present Governor, Lord Goschen, was not in Madras above a few months before a firm of Goschen and Company opened its doors. I do not know whether these firms are registered or unregistered. But the fact that any person can trade in this country under any name or designation and under as many names and designations as he likes makes it imperative to keep this present distinction between the two classes of firms in order to induce persons to trade as registered firms or companies registered under the Indian Companies Act. For instance, there is nothing to stop me from trading as Sham Lal, Ahmed and Company, or if I want to cut a dash in finance and commerce I could very easily open a business firm as Blackett, Innes and Company. In view of the fact that the process under the Income-tax Act of changing the status of a firm from an unregistered firm to a registered firm is so very simple I would strongly suggest to the Honourable Mover of the amendment that he should withdraw his motion No. 34. The process of changing from an unregistered firm to a registered firm simply means that you put in a deed of partnership showing the share of the profits which each partner would draw. The process is so obvious and simple.

Then I notice that motion No. 38 is for the omission of Schedule III to the Bill Part IB. This refers to the collection at the source of the income of registered firms and companies at one anna six pies. I do not think there is anything to be gained by this omission. It simply means that instead of a uniform rate being applied in the first instance, the tax collector would have to apply a varying scale according to the profits. But here again section 48 comes in. The motion would simply mean more trouble and difficulty to the income-tax authorities, because they would have to collect the tax at the source at various rates instead of at one all-round rate of one anna six pies, after which the partners of registered firms and small shareholders in companies would apply for refunds to the income-tax authorities for the difference between the rate at which they are really assessable and the varied rates collected at the source. I do not think anything really is gained at all, and it rather confuses the issue and makes it a bit more complicated for the income-tax authorities to work. I would suggest to the Honourable Member that he withdraw both Nos. 34 and 38.

**Mr. A. H. Lloyd:** Sir, the misapprehension under which the Honourable Sardar was labouring has been very fully explained by Sir Gordon Fraser. That is to say, the Honourable Member appears entirely to have overlooked the provisions of section 48, under which a partner in a registered firm is ultimately assessed at the rate appropriate to his actual income. Sir Gordon Fraser has also fully made it clear that the words "registered firm" in the Indian Income-tax Act have reference only to registration for the purposes of that Act and that such registration is entirely voluntary. I do not propose therefore to repeat the very clear explanation given by Sir Gordon Fraser. But there is another aspect of this proposal which I wish to lay before the House and that is this. Technically I take it that this amendment is quite in order, but it is designed to upset an important part of the framework of the Indian Income-tax Act which was passed after most elaborate and careful scrutiny by the Legislature and by Committees and in consultation with all sorts of public bodies. To introduce through the Finance Bill a change in an important part of the structure of that Act seems to me to be a proceeding which the House must be earnestly urged not to adopt. The Indian Income-tax Act is necessarily somewhat complicated. If you have a complicated machine and are not satisfied with it but if it is running, first build your new machine before you put a stick in the wheels of the one which is going. My point could not be illustrated better than by this amendment which is before the House now. The Mover has asked that the words "and registered" be inserted after the word "unregistered" in Part IA of Schedule III and he has moved that Part IB, which refers to every company and registered firm, be omitted. He has not moved that the word "company" should be inserted in Part IA. What then would be the result of a hasty acceptance of this amendment? Income-tax on companies would be abolished altogether and our only means of recovering income-tax would be through the personal assessment of every individual shareholder. Well, Sir, the adoption of a flat rate method with subsequent refunds in the case of shareholders in companies is so obviously convenient a system to all parties that I do not think the House will ask me to do more than point out the grave defect of this amendment, and I think the House will appreciate from this illustration the importance of abstaining from attempting to amend the Indian Income-tax Act through the Schedule to the Finance Bill.

**Mr. President:** Amendment moved:

"That in Schedule III to the Bill, in Part IA after the word 'unregistered' the words 'and registered' be inserted; and for the word 'firm' the word 'firms' be substituted."

The question is that that amendment be made.

The motion was negatived.

**Dr. K. G. Lohokare** (Bombay Central Division: Non-Muhammadan Rural): Sir, I move:

"That in Schedule III to the Bill, in Part IA for entry No. (2) the following be substituted, namely:

(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000	Six pies in the rupee—excluding the first thousand of the total income."
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Sir, the amendment that I am moving shows a little rise in the rate but it really means relief to the persons with incomes of a lower level. A little calculation will show that:

for an income of Rs. 2,000 the relief will be Rs. 20,

for an income of Rs. 2,500 the relief will be Rs. 18,

for an income of Rs. 3,000 the relief will be Rs. 15,

for an income of Rs. 3,500 the relief will be Rs. 13,

and subsequently there is very little relief. That means that persons with incomes between Rs. 2,000 and Rs. 3,000 will get a sufficient measure of relief, which, I think, they deserve in these days of increased prices. The poorer middle class men are the persons most affected by the rise in prices. They are the people who have already been paying in the form of indirect taxation in customs and other rates and consequently an additional heavy income-tax particularly tells upon these classes of persons. Moreover, the social customs of India are such that the earning man has to support many more members than what is usually the case in England and other countries. Here you do not find an unmarried man earning between Rs. 2,000 and Rs. 3,000 in almost all the provinces. Here such persons have as well to maintain their relations and if such persons have one or two children to be educated, the cost of the education as well is very difficult for them to bear. The general rise in prices and the larger contributions made by them to customs make income-tax rather heavy upon these men. Secondly, we begin at a large figure of Rs. 50 and consequently even for the income-tax department they must be finding it very difficult to begin to tax. It is as it were a point of avoidance of taxation and a point of allurements to avoidance of taxation. If that point of Rs. 50 is brought down to Rs. 30 I think the level attained in that way will cover up whatever deficit there might be in the income-tax.

**Mr. A. H. Lloyd:** Will the Honourable Member kindly explain what he means by the point of Rs. 50?

**Dr. K. G. Lohokare:** When we begin to charge income-tax, we charge the whole income, Rs. 2,000. We charge it at 5 pies. That is, the total amount the man has to pay once he pays income-tax is Rs. 50 to begin with.

**Mr. A. H. Lloyd:** Section 17 says that if the income is Rs. 2,001, the tax is Re. 1, if it is Rs. 2,002 the tax is Rs. 2, and so forth. We begin at Re. 1.

**Dr. K. G. Lohokare:** I should like an explanation in that case if the Honourable Member means that the first 2,000 are free to-day. At least I have been paying income-tax on the total income.

**Mr. A. H. Lloyd:** I was referring to section 17. If your income is not Rs. 2,000 you pay no tax, if it is Rs. 2,001 you pay Re. 1 and not more, if it is Rs. 2,002, you pay Rs. 2, and if it is Rs. 2,058 you pay Rs. 58. Then you go on to the 5 pies calculation.

**Dr. K. G. Lohokare:** It is only up to Rs. 2,052 and not above that. That means then that your first point of beginning is yet Rs. 52, even if you begin from 1, 2, 8 and 4. However, that is as well a point which is just an allurements to avoid. Consequently if you bring down that point, I hope you will be able to make up whatever deficit you will find there. Secondly, the principle in income-tax is of a steep curve. You begin here with two big steps and then take a rise. But if you begin at a lower point and then take a sharper curve, I think the income-tax revenue itself will not suffer, while the people will not feel the taxation too. That is a point worth considering in this case, Sir, and the loss to the total revenue you get even at the present rate of calculation would I think be somewhere between 16 and 17 lakhs and not more.

**The Honourable Sir Basil Blackett:** We estimate it at Rs. 46½ lakhs.

**Dr. K. G. Lohokare:** Of course I should not challenge the Honourable Member's figures, but I give the figures that I find here. The total income between Rs. 2,000 and Rs. 2,500 is to-day Rs. 2,566 thousands and according to the rate I propose now it would be Rs. 1,710 thousands. Secondly, between Rs. 2,500 and Rs. 3,000 the total collection to-day is Rs. 2,231 thousands, while by the new rate it would be Rs. 1,705. The income from tax levied between Rs. 3,000 and Rs. 3,500 is for the present Rs. 1,953 thousands; it will come down to Rs. 1,620 by the new rate. Between Rs. 3,500 and Rs. 5,000 the present calculation is Rs. 3,579 thousands, while according to the suggested calculation it would come down to Rs. 3,860 thousands. Therefore at the old rate the total collection is 103 lakhs. Under the new rate it will be something above 85 lakhs. Therefore, the revenue will be less by about 20 lakhs. I have calculated according to the usual method of calculation, namely, the progression method, and I shall be obliged if the Honourable Member gives his corrected figures. However, I beg to point out that in England relief is given for these scales of incomes when the incomes are lower. An unmarried man has an exemption of £150 while the married man has an exemption of £250. But in India, when we begin to tax, we tax the whole income and consequently the margin for maintenance is not left. That is one of the main defects here and I hope the Honourable Member will give his consideration to this point and take up the idea and accept the principle that I have shown.

**Mr. President:** Amendment moved:

"That in Schedule III to the Bill, in Part IA for entry No. (2) the following be substituted, namely:

- (2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000 ... Six pies in the rupee—excluding the first thousand of the total income."

**The Honourable Sir Basil Blackett:** Sir, we do not want, I think, to spend a great deal of time on this subject as it is impossible for us at the present moment to indulge in the luxury of reducing this tax to any large extent in the interests of the relief of the tax-payer. We calculate that the cost of this proposal would be 46½ lakhs. The Honourable Member has, I think, forgotten the interest on securities in his calculations. In any case, we are satisfied that our calculations are approximately accurate and that this would cost us about 46½ lakhs. As a proposal for some future improvement of our income-tax system, it is one which I should certainly like to examine on its merits. But at the present moment I am afraid that the statement that it will cost 46½ lakhs must show the House that it is one which we could not accept.

**Mr. President:** The question is, that that amendment be made.

The motion was negatived.

**Lala Duni Ohand** (Ambala Division: Non-Muhammadan): Sir, I rise to move motion No. 37 which stands in my name. The motion is, Sir, that 4 pies should be substituted in place of 5 pies in case of those people whose income exceeds Rs. 2,000 but does not exceed Rs. 5,000; and 5 pies should be substituted for 6 pies in case of those people whose income exceeds Rs. 5,000 but does not exceed Rs. 10,000. My conception of the criterion of taxation is, Sir, that the State is entitled to take the maximum out of the rich people and that the State is not entitled to take anything out of poor people who cannot afford to pay anything. Then, there is another class of people, that is to say, those people who are neither rich nor poor. In the case of these people the Government is entitled only to get a moderate amount of taxation. Bearing this principle in mind, I have moved this motion. In other words, the first part of my motion applies to those people whose monthly income varies approximately between Rs. 170 and Rs. 400 a month. And the second part of my motion applies to those people whose monthly income approximately varies between Rs. 400 and Rs. 800 a month. This class of people consists of those people who can be called neither poor nor rich. At the same time, it is a hard fact in the case of men of this class that they have to meet very many needs and very many necessities. They have to support their families, they have to educate their children and they have to bear many other expenses. It is this class of people which can be aptly described as middle class people. These people are certainly entitled to a certain measure of relief which my motion is intended to afford to them. Therefore, this motion cannot be considered in any way an extravagant motion. I know that the stereotyped and the usual complaint of the Honourable the Finance Member is that this will upset his financial arrangement. As to that, I submit it is not my concern. All these broad facts should be taken into consideration by the Finance Member before he prepares his Budgets, and all these cases should be taken into consideration by him. He should know from whom he should get the maximum and from whom he should get the minimum. The Honourable the Finance Member, I understand, will not dispute the correctness of the view that in the case of the people of average income a very high rate of taxation should not be insisted upon.

Now, take the case of those people whose income is between Rs. 170 and Rs. 400—and these persons form a great number—out of whose income you want 5 pies per rupee. I say it is neither just nor fair.

There is another point also, Sir, which I submit before the House. So far as the rich people are concerned, you can, of course, get out of them as much as you can. I am sure as far as the sense of the democratic party of the House is concerned, that will never stand in the way of your realising the utmost out of these people who can be rightly made to pay the utmost. Then, I submit, Sir, this Government have created in this country a variety of vested and capitalist interests in very many forms. There are the big landlords; there are the big capitalists; there are the big owners of companies; and there are the big commercial men. It is only right and proper that you should concentrate your attention on these people rather than on those people who cannot afford to pay much. So far as the financial condition of the country is concerned, the truth of the matter is that by pursuing a certain policy, which is very good policy to the Government, the Government have sold the poorer classes of this country into the hands of the richer classes. You have created so many interests. Take the case of the peasantry. The peasantry has been sold, particularly in certain provinces, into the hands of the landlords. Then, there is another class of small traders that is sold into the hands of bigger traders. That is to say, you have placed such a great power in the hands of the capitalists and in the hands of the richer people that the inevitable result of all this is that the poor man goes to the wall. I would not grudge the Government taking their due share out of those people who can easily afford to pay. If you say that you would fix the rate of assessment at a higher rate in the case of those people who make big incomes, I shall not mind and the House should not mind. But certainly in the case of the class of people for whom I have pleaded the House as well as the Honourable the Finance Member would appreciate the fairness and justice of the demand. I, therefore, submit, Sir, that the motion that I have moved is a very moderate one. It does not err in any way on the side of extravagance. It is a motion that should appeal to the rational mind of the House, and my own idea is that it would appeal also to the sense of the Finance Member, except that he finds it impossible to upset his financial arrangements. I have already submitted that we are no parties to the adjustment of these financial arrangements, and if he finds it inconvenient to upset those financial arrangements, it is he who is to blame and not we. With these words I move my motion which I submit is a very reasonable and modest motion.

**Mr. A. H. Lloyd:** Sir, I am afraid the only answer that can be given to this amendment is practically the same as was given by the Honourable the Finance Member to Dr. Lohokare's proposal, that we cannot afford it. The cost of the proposal has been examined and will be 48 lakhs. Need I say more, Sir?

**Mr. President:** Amendment moved:

"That in Schedule III to the Bill, in Part IA, against entries Nos. (2) and (3), for the words 'Five pies in the rupee' and the words 'Six pies in the rupee' the words 'Four pies in the rupee' and the words 'Five pies in the rupee,' respectively, be substituted."

The question is, that that amendment be made.

The motion was negatived.

**Mr. President:** No. 38\* I think is disposed of by the decision of the House on the previous amendment, similarly No. 39†. No. 40‡ is out of order inasmuch as it proposes an increase of income-tax. No. 41; Sir Gordon Fraser.

**Sir Gordon Fraser:** Sir, the motion standing in my name is that in Schedule III to the Bill in Part II entry No. (1) be omitted. The arguments in support of this case are very much the same as the arguments I put forward in reply to the Honourable Mover of motion No. 34. My motion is for the cancellation of the one anna flat rate of Super-tax charged in the case of companies, a charge not made in the case of private firms. Prior to this tax being imposed, companies were assessed to super-tax on the amount they put to reserve, but it was recognised that this system of taxing the reserves of companies was obviously not a sound one, and a flat rate tax on the profits of companies registered under the Indian Companies Act was put on instead. I think that everybody will concede that the more the trade and commerce of this country is carried on under the provisions and terms of the Indian Companies Act, the better—(hear, hear),—and this being so, it seems to me far from being sound policy to penalise shareholders and traders who carry on their business as companies, as against those who trade as individuals and as private firms. The reasons appear to me to be obvious. In the case of a company registered under the Indian Companies Act all the cards are placed on the table. The company has a definite capital, a definite amount of money subscribed for trading; the names of the shareholders and the names of the directors are public property. The memorandum and articles of association state clearly the objects of the company and the constitution of the company, and also the memorandum gives the different lines of business on which the company can embark. All the particulars in connection with a limited company under the Act are available to the public, and in my opinion rightly so. Now, if we consider the position of the private firm, (I did mention most of the points in my previous remarks) the private trader can trade under any designation and under as many designations as he likes. He need not take his own name, he can take any name he likes. The capital is not known. The actual profit, or profits are not known, and there is no check on over-trading. This position, in my opinion, is very much aggravated in this country by the fact that we have no registration of business names, to which I referred in my previous speech. As I say, a person can embark on any trade. He can take any name or names and he can over-trade without any check. I do contend that that is contrary to public interests. In my opinion, it is only my own opinion, I consider the principle underlying the imposition of any tax on incomes is that the tax should be against the individual. Now this principle is recognised in the Indian Income-tax Act—in section 48 of the Act. Commerce and industry are of course necessary to any country, and I contend that to impose penal taxes or impose extra taxation on those who conduct their business in what is admittedly the soundest and the most open manner possible, simply because they are the most easy to get at, is not in my opinion sound. This flat rate of one anna in the rupee super-tax on companies is the exact equivalent of what we recently had in England, the one shilling corporation tax, but that tax has

\*No. 38. In Schedule III to the Bill Part IB be omitted.

†No. 39. In Schedule III to the Bill Part IB be omitted.

‡No. 40. In Schedule III to the Bill, in Part II the rates of Super-tax for all the entries be increased by three pies each.

since been repealed as it was not considered fair to companies. The motion that I have put forward has no reference in any way to the bogus companies referred to by the Honourable the Finance Minister in his budget speech. The revenue that he would lose if this tax were abolished in the case of limited companies might be made up to a certain extent were the Honourable the Finance Member able to rope in all those to whom he referred as bogus companies, and one-man companies, and I think the Honourable the Finance Member can be assured that this Assembly will support him in any efforts he makes, or any legislation he puts forward to rope in those who evaded the tax, although the tax is rightly payable by them. To sum up, my point is that it is not fair to impose on the companies trading under the Indian Companies Act a tax that is not charged in the case of competitors trading as individuals or as private firms.

**Mr. A. H. Lloyd:** Sir, in opposing this motion, I must begin by referring to what I said regarding Sardar Gulab Singh's motion as to the undesirability of making proposals which are in effect amendments of the Indian Income-tax Act under the cover of amendments of this Schedule to the Finance Bill. The Indian Income-tax Act contains provisions which were incorporated in it for the carrying on of the substance of the Super-tax Act of 1920 so as to impose super-tax on companies, and the effect of this amendment is to repeal those provisions.

I think the House generally speaking will agree with me that this is not the most appropriate way of tackling such problems. I might  
 1 P.M. again illustrate my point by showing that the Honourable Mover of the amendment has omitted to make a necessary drafting amendment in Part II, item 2(b), where the words "or a company" should apparently be deleted if his proposal were accepted. But that of course is a minor point. My objection in substance to the proposal is the matter of money. There is a great deal that I could say, if I thought that the House would bear with me, upon the merits of the super-tax on companies, which is admittedly a corporation profits tax rather than a super-tax in the ordinary sense of the word or in the sense in which the word is used when applied to other forms of super-tax mentioned in this Schedule. But I do not think the House wants me to go into that to-day and I am quite sure they will be convinced on the money question if I mention that the total collections for 1923-24 of company super-tax were 8 crores and 27 lakhs. Well, Sir, we cannot afford to lose 3 crores and 27 lakhs!

**Mr. President:** Amendment moved:

"That in Schedule III to the Bill in Part II Entry No. 1 be omitted."

The question is, that that amendment be made.

The motion was negatived.

Schedule III was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**Mr. President:** I propose to take the motion that the Bill be passed immediately after the lunch interval.

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

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

**The Honourable Sir Basil Blackett:** Sir, I beg to move:

"That the Indian Finance Bill be passed."

**Mr. President:** The question is:

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

**Pandit Motilal Nehru** (Cities of the United Provinces: Non-Muhamadan Urban): Sir, I beg to oppose the motion that has just been made by my Honourable friend, Sir Basil Blackett. In doing so I wish once more to make the position of my party perfectly clear. It is true that in what I am going to say you, Sir, as an experienced Parliamentarian will not find anything novel, but in spite of the many debates we have had upon the constitutional aspect of the question in this House, I find that there is a great deal of confusion of thought on the subject, as was disclosed in certain speeches which were made on Monday. Now, Sir, we have finished our consideration of the Demands for Grants. We have also considered the various provisions of the Finance Bill. I opposed the motion that the Bill be taken into consideration on certain grounds and I now stand before you at the final stage of this Bill to oppose the motion that it be passed. This must not be confounded with anything that has been done either when we were discussing the Demands for Grants or the various provisions of the Bill itself; I say so particularly to guard against any misapprehension regarding our attitude on the salt tax. Sir, this House has reduced the salt tax duty from Rs. 1-4 to Re. 1; and if I now stand and ask the House to throw out the Finance Bill it does not mean that I am asking the House also to throw out the amendment which this House has made. (Laughter.) That is exactly the confusion of thought which prevails in this House and that is why I stand to clear it up. (*Mr. Bipin Chandra Pal:* "It is necromancy to eat one's cake and have it too.") I shall explain that. Now, Sir, the constitutional position is quite different from the position as it arises on the provisions of the Act. We do not mean to say that the government of the day can be carried on in any country in the world without supplies. Giving supplies is eating the cake. At the same time, we say that no government in the world is entitled to supplies if it does not remove grievances before it asks for supplies. That is having the cake. So that what is so absurd to the mind of a journalist and a gentleman of varied attainments and versatile genius is not so absurd to the mind of a constitutional lawyer. On the contrary it arises from well-established rules of constitutional law which have been settled for centuries. Now, Sir, my first opponent in the last debate was my friend, Mr. Jinnah. I have got a part of his speech which has been sent to me because I happened to interrupt him on this point and therefore I shall use his own words. He says:

"In my opinion that (namely, the throwing out of the motion to take the Bill into consideration) will make the protest less effective, less dignified than the vote that we have already recorded. We have said to the Government once solemnly, honestly,

seriously, and I want no mistake to be made either on this side of the House or on the side of the Treasury Bench, or, outside among the public, that we condemn the policy of the Government absolutely and we have done it. Sir, I decline to be a party to a repetition of this character which in my judgment loses its dignity, loses its force."

In other words, the contention of my Honourable friend is that the truly constitutional attitude is to concentrate your attention on one point, to throw out one Demand which concerns the carrying on of the Government of India, to make your protest as strong as you can, couched in as strong language as you can use, and once that is done you have discharged your duty to yourself and to your country. But if you repeat it you will be doing something lacking in dignity, lacking in force. Now, Sir, I am sorry I cannot agree with my friend. Throwing out of the expenditure on a particular department is one thing, however essential that department may be; and the attitude which I take, namely, that of refusing supplies altogether is quite a different thing. I know my friend does not agree with me to-day about the propriety of obstruction and throwing out of supplies. I was more fortunate with him only a short time ago. I was more fortunate with him when this Assembly began in 1924 and I was also again more fortunate with him in February last when he and I put our heads together and did agree in certain contingencies to resort to a policy of obstruction and refusing of supplies. But, Sir, there seems to be a very exciting race going on in these days between wisdom and a certain section of the House. Sometimes wisdom outstrips them and sometimes they outstrip wisdom. My friend admitted the other day that in the tactics and the course adopted in the first session of this Assembly he was wrong.

**Mr. M. A. Jinnah:** I never said that. This is the second or third time that Honourable Members on the other side try to misrepresent me. I once more wish to make a statement before the House about what I said. What I said was this, that I was a member of a party which came to a certain decision, and as a man of honour, I thought that my clear course was to follow the decision of that party. When I said it was a mistake, I said it was a mistake of the party, because I was all along opposed to their policy of obstruction being put into practice last year.

**Pandit Motilal Nehru:** I am very glad, Sir, at the explanation which my Honourable friend has given. I only said that my friend had admitted that he was wrong. Now it comes to a much graver thing when he says that the whole of his party was wrong. I accept his explanation, and will say that, the race I have referred to was between the Independent Party and wisdom and not merely between my friend and wisdom. I do not think that I need labour that point very much. But what I want to know is, how is it more dignified to protest once and then meekly submit yourself to everything that you yourself have objected to? If that is so, why was not the action taken in 1924 a quite sufficient protest to keep us going for the whole life of this Assembly? Why is it necessary to repeat it this year? Cannot we protest in public meetings, in newspapers and elsewhere? I submit, Sir, that this Chamber, I mean this Assembly, is not a place for entering either mild or strong protests. This Chamber and this Assembly is a place for action. I know that we are very much hampered in the action that we can take, but why not take such action as we are entitled to . . .

**Mr. K. Ahmed:** What about obstruction?

**Pandit Motilal Nehru:** We can obstruct and we are entitled to take that action.

**Mr. K. Ahmed:** Is that action? (Laughter.)

**Pandit Motilal Nehru:** Sir, I am no believer in taking a bold stand one morning and then coming down on my knees the next morning.

My friend then said, after having gone through all these Demands, it is evident that Government must levy taxes. Government cannot go on without levying taxes and it would be absurd to throw out the Finance Bill. Now, Sir, this is the old shibboleth, the bureaucratic shibboleth, the King's Government must be carried on under any circumstances, whatever happens. May I ask my friend whether the King's Government can be carried on without an Executive Council as the Government are at present constituted? And yet, we had absolutely no compunction in throwing out the grant for the Executive Council. Can they subsist without their travelling allowances? My Honourable friend Sir Alexander Muddiman described the pitiable state of things which would happen. He described the long and laborious journey between Delhi and Simla and how they were going to travel not even by bullock carts, but walk up the distance? How can you go on without your establishment? That, as my friend himself pointed out, was the only means open to us, and therefore, we selected that particular item. The Swarajists, being more consistent and insistent on their policy, were not satisfied with the Executive Council alone. We took the other heads as well. We took the Viceroy's Household; we took the Army; we took also the Opium and several other heads, and we took a division on the Army and the Secretary of State's establishment.

**Diwan Bahadur T. Rangachariar:** You did not take Opium.

**Mr. V. J. Patel:** Pass it on to Mr. Rangachariar.

**Pandit Motilal Nehru:** It will be good for him at this age. Now, Sir, it is really a question of intensity of feeling and nothing more. My friend is satisfied by once raising his voice of protest. I am not. I shall protest, and not only protest, but do the utmost I can, day and night, morning and evening, year after year, day after day, while I am alive.

**Mr. K. Ahmed:** Why not spin cotton? What about the *charka*?

**Pandit Motilal Nehru:** I will tell my friend that when all the time I am protesting and raising my voice, I shall be spinning, spinning and spinning away. Are you satisfied now?

**Mr. K. Ahmed:** It is the other way round, Sir.

**Pandit Motilal Nehru:** Then, Sir, I come to another part of my friend's speech. I do not wish to make much of it. There was a quarrel between Mr. Patel and Mr. Jinnah, both of whom are neighbours and friends from Bombay, and I suppose they can settle their quarrel between themselves.

**Mr. M. A. Jinnah:** There was no quarrel.

**Pandit Motilal Nehru:** What else was it? (A Voice: "A difference of opinion.") There was a quarrel about what you said and what he said.

**Mr. M. A. Jinnah:** That is no quarrel.

**Pandit Motilal Nehru:** Do you want a quarrel to be accompanied by *lathi* blows? In plain English, if I say I have a quarrel with my friend on a certain subject, what does it mean? It does not mean that I will attack him with a *lathi*.

My friend made one thing quite clear, and that was that my friend had said before the Joint Parliamentary Committee that he had no doubt that dyarchy was bound to succeed. Of that my friend could not find any contradiction as it is in his evidence, but I do not attach any importance to it. It only shows that at one time, my friend did believe, and he had a perfect right to believe it, that dyarchy was bound to succeed and, as he himself stated, subsequent experience in the actual working of it has convinced him that it is a complete failure. In the same way, we the Congress people at one time believed that it was under the circumstances our duty to work this constitution for what it was worth, although we did not believe for a moment that dyarchy would succeed. But we said, "All right, let us give it a chance". That my friend has used against us. He has quoted a resolution of the Congress of 1919 over which I had the honour to preside. If he had looked into my speech, he would have found arguments favouring the contention which he was laying before the House.

**Mr. M. A. Jinnah:** I am fully aware of it. Only I did not like, Sir, to drag the Honourable Member into that controversy which was between me and Mr. Patel, but now that the Honourable Member has dragged me in, I shall reply to it.

**Pandit Motilal Nehru:** Do please, by all means. I am not ashamed of the views I held at anytime, Sir. I condemned dyarchy, and I challenge my friend Mr. Jinnah to point out one single word in the very long speech I delivered expressing approval of dyarchy or any approval of the reforms that were given. The position which I took, the position which the Congress took, and the position which Mr. Gandhi took was that the Act was wholly disappointing, inadequate and unsatisfactory. But what the Congress said was: Here we have Mr. Montagu, a well intentioned Englishman, he came out to this country, he did his very best to do something for us but he has been led into an error. Let us thank him for what he did. And that was what we said in the resolution that was passed. There is not one word in that resolution approving of dyarchy or of anything else contained in that Act. I would ask my Honourable friend to go through my speech and find out any passage which can be construed in any manner, directly or indirectly, as an approval of dyarchy. But my friend ought to know why it was that we first agreed to give dyarchy a chance and why we are now so strongly against it that we insist that it must go and go immediately. He is quite well aware of the incidents which followed the session of the Indian National Congress held at Amritsar. He is well aware of the khilafat movement. He is well aware of the debate in the House of Lords and the House of Commons on the martial law regime in the Punjab and he is well aware of the subsequent history of it. It is that which changed our minds and we said: No more of these Reforms; this system deserves no more trial and we must have our rights now. Now, Sir, as regards the position in this country I should like to

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draw my friend's attention and the attention of the House to a passage in Lord Durham's report which to my mind describes the conditions through which we are passing very accurately. That related to the period just preceding the grant of self-government to Canada. It is said here:

"Having no responsible Ministers to deal with the Assembly entered upon that system of long inquiries by means of its Committees which brought the whole action of the Executive immediately under its own purview and transgressed our notion of the proper limits of Parliamentary interference."

This is in regard to the Assembly that was in existence before the Parliament in Canada was established.

"Having no influence in the choice of any public functionary, no power to procure the removal of such as were obnoxious to it merely on political grounds, and seeing almost every office of the Colony filled by persons in whom it had no confidence, it entered on that vicious course of assailing its prominent opponents individually, and disqualifying them for the public service, by making them the subjects of inquiries and consequent impeachments, not always conducted with even the appearance of a due regard to justice; and when nothing else could attain its end of altering the policy of the composition of the Colonial Government, it had recourse to the *ultima ratio* of representative power to which the more prudent forbearance of the Crown has never driven the House of Commons in England, and endeavoured to disable the whole machine of Government by a general refusal of the supplies."

Now, we are passing through a period in our history very similar to that and, as my friend is no doubt aware, all the Colonies have passed through a period like this. So, if there is anything which, as a constitutional matter, must be done and is required to be done to meet a case like ours, it is not the entering of a protest by throwing out this or that Demand but by boldly saying that we stand for the refusal of supplies to a Government which has forfeited our confidence.

Then I come to my friend Sir Purshotamdas Thakurdas. He seemed to be weighted down by a responsibility which is not his. He said: We have now passed so many items of expenditure. How can we possibly refuse the supplies to meet that expenditure? Now, Sir, I reminded him in my reply on the occasion that, if he placed himself in the place of the Finance Member, he would have real responsibility and he would find the means. My friend did not quite understand me as he thought I meant his taking the place of the Finance Member in the debate. What I meant was his taking the place of the Finance Member at the time that he was framing the Budget and then he would certainly have found those hidden away crores of rupees which he mentioned in his speech. Sir, my friend either believes in the vivid picture which he drew of the hidden crores or he does not. If he does, what justification is there for his saying that he must find the money by voting supplies? Then again, if my friend would only bear in mind what is the expenditure that he has sanctioned by his vote? Of course, I am in the happy position that I have sanctioned no expenditure. But what after all is the expenditure that he himself has sanctioned? Not more than 30 or 40 per cent. of the whole Budget. What about the rest?

Now, Sir, I come to another opponent of mine but I am afraid to deal with my friend the veteran journalist, Mr. B. C. Pal. He is a free lance. In his own words "He dabbles in politics, statecraft, journalism and literature". He has evolved a principle—I don't know from which particular Chamber of his brain it has emanated, whether that stored with

politics or the statecraft or journalism or literature. The principle that he has evolved is that the moral spokesman of the people of India was His Excellency the Governor General and that as His Excellency was going to England, was being invited by the Home Government to discuss the situation in India, it was for us to put facts and materials before him so that he may be able to discharge his duties as the moral spokesman of the people of India. (Mr. Bipin Chandra Pal: "Moral, I think, not noble.") I said moral. (Mr. Bipin Chandra Pal: "Yes, I did not hear. Make it clear.") (Mr. K. Ahmed: "He says immoral.") Now, Sir, I am not aware of any such doctrine as the one which has been propounded by my friend about the Viceroy being the moral spokesman of the people of India. But, however that may be, I do not really see what bearing it has on the question of refusal of supplies. My friend said that we Swarajists were worshippers of the idol of the market place. Well, he will pardon my saying so but he is the greatest votary of that idol. (An Honourable Member: "He was.") He was and he will be again, I am sure. (Mr. Bipin Chandra Pal: "If you go to the market place.") My friend will let me remind him of some of his former speeches. Sir Valentine Chirol says that "Mr. Pal himself admits this Swaraj is fundamentally incompatible with the maintenance of the British connection." At another place—this is on page 12 of Sir Valentine Chirol's book . . . .

**Mr. Bipin Chandra Pal:** Is that, Sir, a quotation from me that Swaraj is incompatible with the British connection?

**Mr. C. Duraiswami Aiyangar:** It is a quotation from your speech.

**Pandit Motilal Nehru:** I will give you your own words, Sir. Here they are:

"If we have really self-government within the Empire, . . . the Empire would cease to be British. It would be the Indian Empire and therefore this ideal, the practically attainable ideal, of self-government within the Empire is a far more impracticable thing to attain than even our ideal *Swaraj*."

And then you lay down a programme, Sir, and these are your words again:

"Let our programme include the setting up of machinery for popular administration and running parallel to but independent of the existing administration of the Government. In the Providence of God we shall then be made rulers over many things."

That was the peroration. Now, Sir, I have spoken of the race between wisdom and some of my friends of the Independent Party. While most of us are going forward, I find that my friend Mr. Bipin Chandra Pal is making a rapid descent first from complete independence to Dominion self-government and then from Dominion self-government to absolute surrender and entrusting his case entirely to His Excellency the Viceroy as the moral representative of the people including himself. (Mr. K. Ahmed: "He does represent.") These were the arguments that were advanced. But I cannot do better than remind the House of what my Honourable friend Pandit Madan Mohan Malaviya said on a similar occasion last year. That sums up the whole of my case.

**Mr. Bipin Chandra Pal:** Is Pandit Madan Mohan Malaviya also among the prophets?

**Pandit Motilal Nehru:** I do not know whether he is in the habit of prophesying, but he did make a true prophecy. I will read it to you. After a very thorough criticism of the administration, he says on the constitutional aspect:

"So long as the Government of India is not revised, therefore, I find that with my sense of self-respect, with the little conscience that God has given me, I cannot support taxation either now or in future. Take away the Government of India Act if you please. That is a threat which has oftentimes been uttered by not very responsible, thinking, people, but take the Government of India Act away if you so please. We shall not complain of it; but if you must govern India in the forms of civilised government, let reality be introduced in place of the sham that you have established here."

Then again, I will read another short passage. This is the final peroration of my friend while winding up his remarks:

"We cannot lend our moral support and vote to the maintenance of this taxation unless the representatives of the people of this country have a voice in the expenditure of the money raised by taxation, unless we are put in a position to exercise the same rights and privileges which the members of every Legislature in the world exercise. Unless that is done, we cannot support such taxation. I hope the reasons that I have given will satisfy every elected Member of this House of the justice of the attitude I have taken, and I hope they will lend me their support in order that the present system may be ended as soon as possible, and that we may have a regular system of responsible government under which the representatives of the people, men who have the entire confidence of the people, may carry on the administration of the domestic affairs of this country."

That was the position taken up by my friend. So long as the Government is not responsible, the Executive is not responsible, to us, so long as we do not have our own voice in the raising of taxation, we are not going to allow you any supplies. That, Sir, is the position, which is as good to-day as it was in the year 1924. In fact, if there was one reason in 1924, there are a thousand reasons to-day. After all, what has happened in this interval? I will not take up the time of the House in going into those events again. I have done so already in my former speech in this very debate. But I do say confidently that the reasons which existed in the year 1924 have been multiplied a thousandfold during the interval. For this reason I would ask the House if they want to be consistent to themselves—those who voted at least on the last occasion for the throwing out of the Finance Bill—to vote for precisely the same reasons again for the throwing out of this Bill.

**The Honourable Sir Alexander Muddiman** (Home Member): Sir, I intervene in this debate with some diffidence, because very few of the remarks that have fallen from my Honourable friend seem to be directly addressed to the part of the House to which I have the honour to belong. Still I think it is well that I should endeavour to bring the House back to the actual point which is now under their consideration. We have arrived at last, at long last after weary days, at the third reading of the Finance Bill. I have listened to my Honourable friend, as I always do, with the greatest interest and I felt I heard a good man struggling in adversity. I felt the constitutional lawyer struggling with an unconstitutional position. (Hear, hear.) I have heard my Honourable friend again repeat the arguments which have been adduced by his party in all the speeches that have arisen in the various debates we have had. On that matter there is very little to say. He is consistent in one way but not altogether, for he says that no Government can be carried on without supplies. Now, what is the point before the House? The supplies, he admits, we must

have. He would say to the House "Don't vote supplies for a Government which we do not like, for a constitution which to us is obnoxious." But the fact remains we must have supplies. How, therefore, does he propose that we should get them? Where are we to get them from?

**Pandit Motilal Nehru:** You must go.

**The Honourable Sir Alexander Muddiman:** From his point of view, he is perfectly logical. He is perfectly reasonable. He says, "I want to break the constitution and I will force you to restore these demands as one means of doing so." Fortunately, there are in this House men who do not take that view, who recognise that they have a responsibility, (*A Voice:* "What responsibility?") that they have a constitutional position to maintain. They do not desire to force the Government into the position of exercising powers which they themselves consider should not be a part of the constitution. They say, "We will, as far as possible, save the Government from using powers which we do not think they should have." That, I understand, is the position. On that point, will my Honourable friend say how the King's Government must be carried on? Is it his desire that the King's Government should not be carried on?

**Pandit Motilal Nehru:** No, not on present lines.

**The Honourable Sir Alexander Muddiman:** Does he desire that the King's Government should no longer govern?

(*A voice:* "You should not govern India any longer".)

**Pandit Motilal Nehru:** You should not govern as you are doing now.

**The Honourable Sir Alexander Muddiman:** Does my Honourable friend consider that the King's Government should go on?

**Pandit Motilal Nehru:** Not in the way in which it has been going on.

**The Honourable Sir Alexander Muddiman:** Then he considers that the King's Government should not go on as it is going on.

**Mr. T. O. Goswami:** The King's Government must go on. Aye, but the devil's government must cease.

**The Honourable Sir Alexander Muddiman:** One Honourable Member suggests that this devil's government should not go on. That observation will be noted, I think, in many quarters. I think it was an unwise observation and I do not think my Honourable friend the Pandit would have made it. For, he recognised throughout his speech that moderation in language does not weaken a case. At any rate he was most careful not to make statements which may afford ground for comment in quarters where he and I would most dislike that comments should be made. What I claim to do is to put once more the point of view that has already been put before the House for some time. It is a very simple point. There is no difficulty in the position at all. The issues are perfectly clear. I can quite understand my Honourable friend who sits opposite me. (Mr. Patel) He sees nothing good in anything that is done. He desires to destroy rather than construct. I can see the logic of his position and if he thinks it right, he is entitled to try to put it. He naturally obstructs all demands. I challenge no man's opinion, but I appeal to the broader view that has followers in this House, the view that has been put forward by men under circumstances which command my respect. For it is never

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a popular or easy thing to stand up and say, "I have made a mistake." It requires courage, it requires backbone to do it. Yet, Sir, if we look back on our own life can any of us put his hand on his heart and say, "I have never made a mistake"? If we examine the lives of others is that not equally true? I will say this that a man who has never made a mistake has never made anything and never will. (Applause).

**Mr. Chaman Lall** (West Punjab: Non-Muhammadan): I rise merely to support my Leader, Pandit Motilal Nehru in the demand that he has made of this Assembly, asking Honourable Members to support the proposition mooted by us, namely, the refusal of supplies to Government. A great deal of agitation was caused on the Treasury Benches when my Honourable friend, Mr. Goswami, interjected by saying "That the devil's government must cease". (Mr. K. Ahmed: "Because he is the youngest Member of the Assembly.") The devil happens to be sitting somewhere round about there, Sir. (Pointing to the part of the House where Mr. K. Ahmed sits.) And I know perfectly well that Honourable Members themselves would be greatly agitated if they found that devil installed in the Government of India (Laughter). I am positively certain that the view that we take, the view, namely, that this Government has forfeited the confidence of the people of India, is a view which ought to commend itself to every sane and honourable man in this country. What is that view based on? Is it based on merely constitutional theories? Is it based on mere quotations from the Honourable Mr. Bipin Chandra Pal's chequered past? Not at all. Mr. Bipin Chandra Pal once upon a time thought also that the devil was installed in the Government of India. He not only thought so, but went a step beyond the stage arrived at by the Swaraj Party. . . .

**Mr. O. S. Ranga Iyer:** Has not the Honourable Member, Mr. Bipin Chandra Pal, contradicted himself?

**Mr. Chaman Lall:** Mr. Bipin Chandra Pal, Sir, is a bundle of contradictions, and he has, as my Honourable friend pointed out, not only contradicted himself, but I can prove it to him that he has contradicted himself in such a way that there is no possibility of his being able to get out of it.

**Mr. Bipin Chandra Pal:** I should like to say one word. Can the Honourable Member quote the word "devil" from any of my writings as applied either to Government or to anybody else?

**Mr. Chaman Lall:** That is a very clever trick of trying to get out of it by asking: "Quote you the word 'devil' ". Did he or did he not say that he did not want the British connection? Was it because it was a godly government that he was against it, or was it because it was a devilish government that he was against it?

**Mr. Bipin Chandra Pal:** I would ask my Honourable friend to refer me to any of my writings to prove that. I distinctly declared that I objected to British subjection but I did not object to the British connection.

**Mr. Chaman Lall:** The Honourable Member has a very short memory. At his age I am not surprised that he has a short memory. Considering the number of speeches that he has made, volumes upon volumes of jounalese that he has doled out to the people of this country, he perhaps does not remember what he said once upon a time. Here in the pages of a book

called: "Indian unrest" written by Sir Valentine Chirol, here is a statement and I ask Mr. Pal to challenge it if he dare. I ask my Honourable friend this, if the statement was incorrect did he as a "journalist" and a "literary" man who should have read this book—did he on any occasion contradict the statement that appears in this book? Now sitting there he finds it convenient to stand up and contradict that statement. This is what is said of him:

"But Mr. Pal himself admits that even if this programme can be fulfilled, this *Swaraj*, this absolute self-rule which he asks for, is fundamentally incompatible with the maintenance of the British connection."

Does he deny it? If he denies it, here I have his own words. Further on, in the book Sir Valentine Chirol says—this is what Mr. Pal happens to have said on a particular occasion:

"If we have really self-government within the Empire, if we have the rights of freedom of the Empire as Australia has, as Canada has, as England has to-day, if we 300 millions of people, have that freedom of the Empire, the Empire would cease to be British. It would be the Indian Empire. Therefore, it seems to me that this ideal, the practicably attainable ideal of self-government within the Empire . . . it is a far more impracticable thing to attain than even our ideal *Swaraj*."

Is that compatible with the Honourable Member's professions to-day and his professions the other day that he was never against the breaking away from the British connection? We do not stand for that creed, for the creed which the Honourable Member has now forgotten. We stand for the British connection so far as our programme has advanced up to this day. But if you do not redress the grievances of this country the time may come when the Honourable Leader of the *Swaraj* Party, the leader of this country, will have to stand up and give you this challenge! "If you do not take our grievances in hand and redress them, if you do not regard our demands and adjust your programme and policy in accordance with those demands, the time will come when we may have to stand up and say, 'We have no need for this British connection'." But up to this day the *Swaraj* Party stands clearly committed to this programme of British connection unlike the Honourable Member over there (referring to Mr. Bipin Chandra Pal). May I draw the attention of this House to another statement that Mr. Pal has made? While the Honourable Pandit Motilal Nehru was talking, Mr. Pal shouted out, "You want to eat your cake and keep it." It is a Pauline variation of the well-known English idiom. He says, "You want to eat your cake and keep it." Well, I do not know what the Honourable Member means by that. He has eaten many a cake and he has kept many a cake, and I hope he will live long enough so that the cakes that he has set his eyes upon may come his way. The cakes that we have set our eyes upon are of a different variety to the cakes that the Honourable Member has set his eyes upon. His cakes which are good to-day are turned into poison to-morrow. His cakes are of a "contradictory" nature. (Laughter.) I use that expression quite seriously—contradictory in this sense. When the Honourable Member has eaten those cakes there is a contradiction in the desire to keep the pleasure to eat and the pain to digest. The Honourable Member has forgotten that once upon a time he preached revolt and rebellion in this country. He has forgotten it, and he twitted the *Swaraj* Party in his speech the other day by saying: "I do not agree with your programme of preaching revolt in this country." What had the Honourable Member been doing all his life? What had the Honourable Member been preaching to this country? If it was not revolt what else was it? Here is a statement which

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the Honourable Member is supposed to have made years ago and which I have no doubt he has also forgotten :

" We can make Government impossible without entirely making it impossible for them to find people to serve them. The administration may be made impossible in a variety of ways."

What was he trying to do in those days? Preaching the Swarajist creed before the Swaraj Party came into existence, and he sits there to-day to deny the ideal that he himself had been preaching to the people. (*Mr. N. M. Joshi*: " He has become wiser by experience.") That, Sir, is always the cry of those who are played out and who have got no more wisdom left and no more experience to gain in this world. I am not concerned with Mr. Bipin Chandra Pal. He can look after himself in the columns of the *Bengalee*. But what I am concerned with is this that there is an indictment drawn against the British Government in this country—an indictment which has been drawn many a time against them—an indictment to which the Honourable the Home Member has not yet given an answer. That indictment is this that you are by your policy, by your programme, by your dominance over India, impoverishing this country. Have you an answer to that? (*A Voice*: " Yes.")

**The Honourable Sir Basil Blackett**: The answer is in the negative.

**Mr. Chaman Lall**: I hope the Honourable the Finance Member, who says " yes ", will once at least in his lifetime give us a statement in answer to that challenge of ours. I challenged him a year ago, but up to this day he has not produced an answer to that challenge of mine. I hope he has become wiser now and that he will give us a reply to that challenge. I go further. Against the wishes of the people of this country you are carrying on the government of this country. How do you expect us to support you in carrying on that government in this country? Wisdom, dignity and states-

8 P.M. manship may not demand the taking of an extreme step like the throwing out of the Finance Bill. Wisdom, statesmanship and dignity are compatible only with the conditions of a people who are independent; they are not compatible with the condition of a country like ours, a slave country. We cannot afford those luxuries. All that we can afford is to fight a clean and square fight and to say to the Government: " You have forfeited our confidence: you have destroyed the last vestige of confidence the people of India could have placed in you, and therefore it is time that we took our stand on the only legitimate platform, the logical platform, namely, the refusal of supplies to carry on the government of this country. Sir, I will not go into the intricacies of the question of currency and exchange and the various other involved topics that have been raised in this House. I will not condemn the Honourable the Finance Member out of hand for all that he has done and is doing. We are perfectly well aware that the exchange policy and the currency policy in this country have been very prejudicial to the interests of the country. I do not mean by the interests of the country the interests of the capitalists, of the landowners and commercial communities. I mean, Sir, the interests particularly of the poverty stricken masses of this country. Whenever you deflate your currency, whenever you put forward by means of your printing presses enormous quantities of rupee notes and other notes, it is obvious that prices are bound to rise; it is obvious that the poor man is bound to be hurt. (*The Honourable Sir Basil Blackett*: " Hear, hear.") The Honourable

Member says "Hear, hear". That is why I said that I am not prepared to condemn the Honourable Member out of hand. I consider that there is a great deal to be said for the policy of those persons who believe that the interests of the worker, the industrial worker as well as the agricultural worker, must be the first charge upon any civilized Government. These questions demand the very serious attention of the people of this country. They are not questions which will interest the House at the present moment, discussing as we are just now the policy of the Government on the political basis. But I do say this, that the Honourable Member has not taken in hand the question either of currency or exchange from the point of view of the worker, the industrial worker. The result is that prices are going up by leaps and bounds. Prices have gone up by leaps and bounds. The index figures that you put forward are not true index figures. They are concocted index figures. If you were to make a proper effort and give us the proper index figures you would find that prices are 30 to 40 per cent. above the index figures which you dole out to us in the *Bombay Labour Gazette*. But Sir, these questions are interconnected with the question of political advance. Nothing that you can do in this country to ameliorate the conditions, financial, economic or otherwise, will be of any avail so long as the present machinery of Government prevails. We have had the Muddiman Report. The majority report is a very curious document. It has laid down the proposition that by tinkering with the Act here and there you will be in a position to do what the terms of reference asked you to do. I do not agree with that view. The minority has not agreed with that view and the minority on the clear evidence placed before the Committee has come to the conclusion that the time has come for you to grant provincial autonomy straightaway as the first step along with responsible Government in the central Legislature. But I do want to draw the attention of the House to what has been said on this subject by people who came and gave evidence before this Inquiry Committee. You will find the opinions overwhelmingly in favour of the view adopted by the minority report. You will find—though, mind you, in the majority report it has been stated that there is no evidence that dyarchy has failed—you will find that the Madras Indian Members say that dyarchy has been given the best trial and yet the inevitable conclusion must be that provincial autonomy must follow. The Bombay Indian Members of the Executive Government agree that they do not want any palliatives. In Bengal Sir Abdur Rahim admits that Indian opinion is in favour of autonomy but then illogically enough he goes on to say that he would work dyarchy. And Mr. H. K. Faz-ul-Huq, the Champion of the Government, naturally deprecates any advance. But it is the United Provinces which is the strongest champion of advance. The Indian Members of the Executive Government say that dyarchy must go. The United Provinces Ministers also want to eliminate dyarchy. The United Provinces report sums up:

"The Governor in Council concludes that the answer to the whole inquiry may be summed up in the statement that there is no halfway house between the present and the new constitution. He expresses no opinion on the demand for the latter, but he is clear that concessions which fall short of complete provincial autonomy will placate no section of the opponents of the existing system; that they will secure neither stability nor contentment; and that they will lower the efficiency, already impaired, of the administration."

As far as the majority are concerned, what do they rely upon? They merely rely upon the evidence given by a Nawab Bahadur who has been made recently a Minister in Bengal. The new Bengal Minister calls upon the Government "to proclaim in the clearest and most emphatic manner

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possible that there will be no further advance". That is the price, a Minister-ship, which this Nawab obtains for this beautiful statement of his. Again the Majority rely upon the evidence of a meeting that was supposed to have been addressed by Dr. Zia-uddin at Agra and they rely upon a meeting of the Moslem League at Lahore. This is all the evidence they can find for their doctrine that dyarchy has not failed and that no further advance should be given. Sir, on the other hand you will find that not only the Government Members, not only the Ministers, but many public men also have come forward and in strident tones they have said that India can no longer be satisfied with an experiment which has failed, with an experiment which has broken down, and that you must immediately advance towards responsible Government in this country. Now, Sir, on the face of it what is the reply of the Government? Government want time; they want to consider this matter. Rumours are afloat that His Excellency the Viceroy is in favour of the minority report. Nobody knows the truth. We do not concern ourselves at all whether the Viceroy is in agreement with the minority report or not. We do not concern ourselves at all even with the minority report which has been presented. We know perfectly well that those belated measures that you are propounding and taking your stand upon are what the country has been demanding for the last six years. If you had done anything else you would have been rightly condemned as reactionaries. If you had not said what you have said you would not have been voicing the sentiment of the country and you would not have been relying upon the evidence adduced before you in the sittings of the Committee. You know perfectly well that this is but the logical conclusion. But what we take our stand upon is the inherent right of the people of India to self-determination. Your great statesmen during the war and for a little while after shouted from the housetops the cry of self-determination for subject races. What has happened to that cry now? Of course when it suited them they made use of that cry; they tried to hoodwink the whole world but the scales fall off as soon as the war was over. What is it that we demand? It is something which the Honourable Members on the Treasury Benches cannot understand. We demand the inherent right to govern the country according to our wishes and according to our lights. Is there any possibility of doubt in proposition that if we were allowed to govern this country according to our own lights, this country would not have been in the state it is, economically and financially at the present moment? What have you done for this country? I ask the Honourable the Finance Member, and I ask the Honourable the Home Member, what have you done to ameliorate the terrible conditions prevalent in the villages of this country. (Mr. H. Calvert: "Irrigation works.") The Honourable Member shouts! "Irrigation works". Has he been to the villages in the Punjab from where he comes. (Mr. H. Calvert: "I have.") Has he seen that in 95 per cent of the villages there is not a single *pukka* house to be found but only mud huts. Has he seen the poverty in those villages? (Mr. K. Ahmed: "And in spite of that you are collecting money from them.") (Laughter.) I would be very glad if the Honourable Member were to hand me his travelling allowance if he is so very eager about the poverty of these people. (Laughter.) I ask the Honourable Member (pointing to Mr. Calvert) if the question of poverty is a laughing matter for him. That is our complaint that you are not serious, that you do not regard the woes of the people, that if this country were your own country and if these people who live in these villages were your own kith

and kin, you would never have the courage to do what you are doing now. Would you then sit there and laugh. If you had the unwisdom to laugh at the woes of your own suffering people you would have risked your life by lynching at their hands. You would have swung from the first lamp-post. But you can laugh at us and you can laugh at the country, at the starvation, and you think there is not a soul in this country who can question your attitude. That is our complaint against you. You are entirely separated from the life of the people of this country. You know nothing about it except through your blue books and your office work. You are carrying on a routine, a routine with bayonets behind it. You are relying upon your military forces in this country to put down the people of this country.

Now, Sir, I ask you to consider the problem of housing in this country. I ask you to consider the problem of wages. I ask you to consider the problem of old age pensions, of unemployment, of health insurance, of maternity benefits and of the various ameliorative measures that have come into force in all the civilised countries in the world. What have you done for the poor men, women and children of this country? What have you done in that behalf? You have done absolutely nothing. You have brought in the Workmen's Compensation Act which you have based on the English Act of 1879 and you flout that as a great piece of social legislation introduced by you in this country. Sir, I believe that your dilatoriness in not looking after the interests of the poor people ought alone to be a sufficient reason for the demand that we are making that you should not under any circumstances continue, if we can help it, to rule for another day. There is no bitterness in that demand. There is absolutely no racial bias in that demand. We ask you as Englishmen, as Europeans, to consider what would have been the condition of your own country if your country had not come out of the war victorious but as a defeated nation ruled by the Germans. Would not your blood have boiled and would not your people have done their best to turn out that alien bureaucracy? You would have certainly tried your level best to get rid of that bureaucracy. All that we are trying and ask this House to try is to get rid of this bureaucracy and this system which means the dominance of an alien bureaucracy. That is our demand. I am not here to expound constitutional law to you. I do not want my Honourable friend Mr. Jinnah to get up and expound constitutional law. Here is a clear demand. Do you agree with it or do you not agree with it? Do you still believe that this Government should carry on their business or do you still believe that we must take a step to have responsible government for this country? Do you want to put yourself in the wrong or do you want to put your opponent in the wrong? I cannot see now by joining with us over this question there will be any possibility of your attitude being misunderstood in the country. But there is every possibility of your attitude being misunderstood in the country if you do not join us in this demand. Last year you voted with us. With what consistency can you now go and vote against us? I ask you therefore to regard the pitiable condition of this country, to regard your political serfdom to regard that millions of your countrymen are dying year in and year out of hunger and starvation, to regard that preventible epidemics take their toll in millions and I ask you to regard the proposition that no Government in the whole world could last for 10 days if it disregarded the needs of the country as the Government of India to-day are disregarding the needs of India. I ask you to remember,

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therefore, that the only logical step for you to take is to join us in rejecting supplies to this Government until the Government redress our grievances.

**Mr. Bipin Chandra Pal** (Calcutta: Non-Muhammadan Urban): I regret exceedingly the turn that this debate has taken. For some little time past somehow or other an evil fate seemed to have been dogging our steps. Whenever we have tried to take any serious view of the duties and responsibilities that lie before us, something or other has turned up to drive us into indulging in mutual recriminations and personal acerbities. I will not enter into these personalities. So far as I am concerned, Sir, my writings and speeches are there on record. If I have been inconsistent, what does it matter? That will not change the course of the country and the future of my people. If I have been consistent, neither will that help the cause which we all hold so dear. My evil will not turn the good course of Indian history away from its destined path, nor will your consistency and goodness much help it either. Now, Sir, my old friend Pandit Motilal Nehru has referred to ancient history. He has referred to my writings which are 20 years or 19 years old. I congratulate him upon the advance that he has made during these 19 years. I remember, Sir, when I first went to Allahabad my friend dropped me as a hot potato. I am glad—and I congratulate my friend Pandit Motilal Nehru—that at long last, in his age, wisdom has come to him and he has found truth and inspiration in the things which he and his other moderate friends condemned in the bitterest terms privately and publicly in 1905 and 1906 as my excesses.

**Pandit Motilal Nehru**: I admit that while we have been going forward, for the last 20 years my friend has been going backwards.

**Mr. Bipin Chandra Pal**: Thank you. I accept that compliment. It has taken my friend twenty years to come to where I was in 1905. After the next 20 years my friend, if he lives, my friend will possibly come to where I stand to-day. (Laughter.) (*Mr. M. A. Jinnah*: "He is young yet.") Yes, he is young yet. But, Sir, knowledge comes, but wisdom lingers. (*Mr. K. Ahmed*: "What about youngsters?") There is my friend Mr. Chaman Lall. I am sure at my age he will find himself not in my position but in a better position—on the Treasury Benches, (Laughter) possibly under a Swaraj Government, probably under the British Government (Renewed laughter). Others have gone that way—from condemnation to compromise, from compromise to . . . . (*Mr. K. Ahmed*: "Congratulations.") (Laughter.) Yes, congratulations. I thank my Honourable friend Mr. K. Ahmed for making that suggestion. That has really been the history of personal political advance among our friends. But I will not refer to these things. Whether in 1905, 1906 and 1907 I advocated the break-up of the British connection as my friends over, or I advocated the removal of the British subjection, so that the connection might endure, as I contend, is not the question before us to-day. The question before us to-day is: Shall we advance our cause by throwing out this Finance Bill? If I were in the position of my friend Pandit Motilal Nehru (*Pandit Motilal Nehru*: "God forbid:"), if I were in his position, not in the leadership which God forbid,—but if I had been an humble follower of his and if I voted for the throwing out of the Income-tax demand, as an honest man, as a man who holds his conscience as dear as his God, the next day I would refuse to pay a penny of the income-tax that would be assessed on me. I would allow all my assets to be taken by distraint by the income-tax authorities, and I know, Sir, that that

would have set the whole country on fire. It is sacrifice, Sir, that is needed. It is consistency between what you do here and what you do outside . . . . .

**Mr. Chaman Lal:** May I ask the Honourable Member if when he once upon a time advocated the setting up of a parallel Government he also refused to pay any taxes himself?

**Mr. Bipin Chandra Pal:** I wanted to set up a parallel Government,—independent of but not at war with the established Government, that was our formula in 1905-6—and if I had been able to set up this parallel Government I might refuse to pay taxes. But we did not reach that point, and therefore had no call to start a campaign of non-payment of taxes. If my Honourable friends who refused the last Finance Bill had been true to their vote here, they ought to have, before thinking of asking people outside to refuse to pay taxes, so that they might declare a campaign of civil disobedience, done so themselves. If they had done that, their movement and our movement would have advanced far more than what it has done. That would have created a tremendous moral force in the country. Passive resistance, I understand, Sir. I know a little, on account of my age not on account of my learning, of how passive resistance has been carried on in other countries. The late Dr. Clifford was the father of recent passive resistance in England. What did he do? When he raised the standard of passive resistance in England against the education tax, he was the first man to refuse to pay that tax. He did not wait for others to do so before him. And when you raise your standard of passive resistance here and say this Bill ought to be thrown out, you are bound to your conscience, to your country and to your posterity not to do anything to support that against which you vote here. You ought to refuse to pay your taxes.

**Mr. C. S. Ranga Iyer:** We are preparing the country.

**Mr. Bipin Chandra Pal:** Yes preparing the country. It is like toasting dry India on wet champagne. That is the way you are preparing the country for non-payment of taxes. You want others to make these sacrifices for making good your policy. This is the way you are preparing the country. This is the way you are preparing the country to fight the battle of the constitution out. (*An Honourable Member:* "How are you preparing it?"). Now Sir, that is not the question. The question is are we justified in refusing supplies having passed the demands. I do not believe in throwing out the Finance Bill. (*An Honourable Member:* "Who is 'we'.") I say I do not believe, Sir. Sir, I am no "we" except in my editorial chair. But you are all "we", all "we". We are the people. But that is not the question before me. That question is this; we did certain things yesterday. We have reduced the salt tax, and I know considerable political capital will be sought to be made out of the reduction of the salt tax by four annas. That will confer a great benefit on the people! But what will be the actual result of the reduction of the salt tax? That is what I want to tell this House, Sir. This is why I wanted to intervene in this debate at this time. I did not want to say anything to my Swarajist friends. I leave them to their conscience and to the country and to posterity, and to history. I know their position. They are out for destruction. They are out for wrecking. They are out to oppose everything which makes for the continuance of Government. I understand their position Sir. I do not agree, but I have no quarrel with them. But my difficulty is this. We have reduced the salt tax and what will be the result of the reduction of the salt tax? How much have we benefited the people by reducing the salt tax by four annas in the mound? How much does it come to a seer? A

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little over a pie. Is my arithmetic right, Sir? A little over a pie, if I understand it. 48 pies make four annas, I think that is right, and 40 seers make a maund, so a little over a pie per seer is the gain to the consumer that we have secured by reducing the salt tax from Rs. 1-4-0 to Re. 1. And then how much salt is consumed on the average by every man in the year? Six seers. That was the figure given by Sir Charles Innes in this House some time ago. Mr. Lloyd, I think, will be able to enlighten the House in regard to the actual consumption of salt per year per head. I think it will not be more than six seers. So you will see that nine pies—three quarters of an anna,—is the utmost limit of the benefit which we have conferred on the poor people of the country by reducing the salt tax from Rs. 1-4-0 to one rupee.

**Pandit Shamlal Nehru:** How does it compare with their income?

**An Honourable Member:** It is something.

**Mr. Bipin Chandra Pal:** I admit it may be something, but I know this also that a good deal of this reduction will go to the pocket of the middleman and very little will go to the pocket of the actual consumer (Applause). That is the first point Sir. The benefit to the poor is doubtful and insignificant. We have reduced the salt tax, but what about the result? Loss of revenue of 90 lakhs this year and a recurrent loss of 125 lakhs from next year. Sir Basil Blackett,—we were looking to his stocking—it is not Christmas, but we like to think of Christmas at this time with the hot days coming fast upon us,—and we were looking to his stocking for the good things, he had concealed there, so many lakhs for Bengal, so many lakhs for Madras, so many lakhs even for Bombay, so many lakhs for the Central Provinces, so many for the United Provinces and the other provinces. But he told us yesterday that after what had happened, he did not feel quite sure whether he would be able to do what he promised. And what will be the result? I will not refer to, because I do not know, what the result of this reduction will be to the other provinces. But I know, Sir, what it will mean to my province. My province has budgetted this year for a revenue of Rs. 10 crores odd and an expenditure of 11 crores and odd, taking into consideration the demand by the Central Government of its own quota of provincial contributions. If this provincial contribution is remitted, we may get a small surplus of about 25 or 26 lakhs. That is all that we get. (*Khan Bahadur W. M. Hussanally*: "Do not dream of it.") Now, what did we propose to do—what did the Government of Bengal propose to do with the resources at its disposal? Last year the Swarajist leader in Bengal, (not in this House) Mr. C. R. Das, put forward a proposal in the Bengal Council for the improvement of the health conditions of the people. He asked the Government to start organisations of public health, rural public health committees, in every important centre, and these committees were to be controlled and worked by local authorities, district boards and union boards and so forth. This suggestion has been accepted by the Government. But these committees want money, and our Government, the Government of Bengal, in their present budget statement say that Rs. 1,25,000 of recurring expenditure has been provided for subsidies to district boards for the creation of public health organisations. The work which the Government were going to do at the instance and the suggestion of the Swarajist leader in our province will not be possible of being done this year if this contribution is not remitted, if we do not get the Rs. 68 lakhs which Sir Basil Blackett promised us.

**Mr. N. M. Joshi:** Tax your zemindars.

**Mr. Devaki Prasad Sinha:** May I ask the Honourable Member whether or not it was the suggestion of Mr. Das to raise a loan for that purpose?

**Mr. Bipin Chandra Pal:** It is recurring expenditure, Sir, and a loan cannot meet recurring expenditure, neither will amateurish financing meet the situation in which we stand.

What is the position in Bengal? The ravages of malaria, the ravages of *kala azar*, these are decimating our rural population. There is lack of proper drinking water, lack of sanitary conditions, lack of medical relief, lack of organization of village industries. These are the crying needs of my province. These vitally affect the poor. The nation-building departments are being starved in my province and we were looking forward to this remission of 63 lakhs with a view to working up these nation-building departments. And the question before me, when this vote on the reduction of the salt duty was proposed was this: "What am I to do? Shall I help the poor man to get his salt less one pie in every seer, a little over one pie for every seer of salt he consumes, or nine pies in the year; or shall I help him to get medical relief, shall I help him to get quinine, medical assistance in *kala azar* and malaria, shall I help him to get good drinking water so far as it may be, shall I help him to get education and to organise his economic life?" And the answer came straight and unequivocally "Help the poor in the things which the poor need more than the sentiment of having cheaper salt, to help politicians to make capital out of this vote?" (Mr. N. M. Joshi: "May I ask the Honourable Member how much medicine, education, water he can give the poor man of his province with one anna of the salt tax?") (Pandit Shamlal Nehru: "May I also remind the Honourable Member that he never spoke with half that heat over the Lee Commission's Report?") I was not a member of the Finance Committee and I was not able to be in Simla when the Lee Commission's Report was taken up. (Mr. N. M. Joshi: "Answer my question."). What my Government has done is to take for granted that we would get this remission and they have set aside 9 lakhs recurring expenditure for sanitation. Three lakhs recurring expenditure for relieving ill-paid village schoolmasters, Rs. 75,000 for meeting recurring liabilities on account of a new scheme of primary education, which aims at the establishment of one primary school in every village union—and there are 7,012 such Unions in Bengal—and a sum of one lakh has been allotted to provide for the construction of 100 additional schools this year. Water supply, drainage, assistance to local bodies—all these have been budgetted for to some extent. Rural water-supply Rs. 50,000 this year and 2½ lakhs next year. These are the things which our Budget provide. But they will not be able to do it unless the provincial contribution is remitted. Why? I will read a passage from the Finance Member's speech:

"I have shown that but for the remission we have enjoyed during the last 3 years and despite economy, retrenchment and taxation, we should have been in deficit every year, in 1922-23 to the extent of nearly 40 lakhs, in 1923-24, 24½ lakhs, in the current year 26½ lakhs; and if we do not secure a further remission during the coming year we shall without incurring any new expenditure at all be in deficit to the extent of 30½ lakhs."

Now, Sir, this is the situation in Bengal and I had to consider the situation in my province in giving my vote on the salt tax reduction. While voting

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on the motion for a reduction of salt revenue I felt it my duty, out of regard for the life and happiness and physical, intellectual and larger economic needs of the teeming population of my province, to vote with the Government in regard to this matter instead of playing to the gallery and trying to get cheap applause in the Swarajist press either in Calcutta or elsewhere.

**A number of Honourable Members:** Divide! divide!

**Mr. M. V. Abhyankar** (Nagpur Division: Non-Muhammadian): Sir, at first I really did not desire to speak because I do not love my voice as many a Member in this House does, although whenever I have found it absolutely necessary to speak on a subject on behalf of my province, rarely as I did so equally rarely have I been fortunate enough to catch your eye. Another reason why I did not at first desire to speak was that I thought this subject had been so very well dealt with in all its aspects from the Swarajist point of view by the speakers from my party who preceded me that I thought I would be speaking more emphatically on it in the division lobby by recording my vote there than here.

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaun Divisions: Non-Muhammadian Rural): On a point of order, Sir. I should like to know if it is proper form—judging from one of your former rulings—for a speaker to make a particularly violent speech and not wait for the reply. I refer to Mr. Bipin Chandra Pal.

**Mr. President:** We had better wait and see if the Honourable Member returns to the House.

**Mr. M. V. Abhyankar:** Sir, the Government in this House to-day stand condemned when the Honourable the Home Member could not do better than hide himself behind the phrase "His Majesty's Government" in support of the Finance Bill. Does he not know that His August Majesty is above all Governments and politics? Does he not know that the English monarch is a constitutional King, and does he not know that he acts on the advice of his Ministers . . . . .

**The Honourable Sir Alexander Muddiman** (Home Member): On a point of order, Sir. I did not refer to His Majesty the King. Nor should I have thought of bringing his name into debate. I referred to the King's Government.

**Mr. M. V. Abhyankar:** Very well, if you referred to the King's Government, then may I know from you, was it not Cromwell in your own country who refused to help to carry on the King's Government and is it not Cromwell who has been immortalised by you by raising a statue to him right in front of the Houses of Parliament, so that he may go down as a lesson to posterity? In England the King's Government is one thing; in India it is another thing. Does the Honourable the Home Member not know that His August Majesty is King of England and Emperor of India? Why not make him King of England as well as King of India? The House will understand what this phrase "King of England and King of India" means. Then, Sir, if we are to help the carrying on of the King's

Government—we want the King's Government here—let it be the same King's Government here as it is in England, and not one kind of King's Government in England and a different kind of King's Government in India.

Then, Sir, the Honourable the Home Member asked us not to take an unconstitutional course by seeking redress of our constitutional grievance before voting supplies. Has he forgotten the history of his own country? Has he forgotten the history that is every day being handed to us by his own countrymen and from his own country? His own people did not stop at simply refusing supplies to an irresponsible Government. They went much further; and not only did they go much further but they have always gloried in the fact that they did so. My Honourable friend the Home Member says, "What shall we do if you do not vote us supplies?" We do not care what happens to you. That is why we are here. Beg, borrow, steal or rob as you have always been doing to carry on the Government, in the same old way as you have been doing in this country for so long; but we shall not allow you for one moment, so far as the Swarajists can help it, to carry on the Government in this country in our name in the manner in which you have been carrying it on until now. The Honourable the Home Member says constitutional questions ought not to have anything to do with the Finance Bill. Well, let me tell him that our constitutional subjection is on our brain every moment of our life; we cannot possibly get rid of it, whatever be the subject we may be discussing in this House. We think of it by day and dream of it by night, we swear at it when we go to bed and we curse ourselves because we are not yet able to break ourselves away from this subjection, and therefore the first thing in the morning that we do is to vow that we shall not rest until we have broken these shackles of bondage and slavery. It is with that determination, Sir, that the Swaraj Party has stepped into this House. Some Members of this House have said that time is being wasted; that six solid days were wasted on the discussion of the Budget and time is again being wasted during the debate on this Finance Bill. I agree with them; I believe it was my friend Maulvi Abul Kasem, who said it the other day when we opposed the consideration of the Finance Bill. I agree with him. I fully agree with him that all those six days and all the three days over this Finance Bill are wasted. But, Sir, it is only due to my friend Maulvi Abul Kasem, my friend Mr. Bipin Chandra Pal and others like them in this House. I assure this House that had we fortunately been in a majority in this House we would have proceeded to do our work in a thorough businesslike manner and made very short work of this Finance Bill; at the most in fifteen minutes we would have done with it and cast it to the winds. Unfortunately we are not in a majority. I hope that at least in view of the callous disregard of the Government for what is said by any non-official Member in this House and in view of their callous disregard of all the Resolutions and motions that have been passed by this House by overwhelming majority, the time will not be long when the Swaraj Party will refuse to take part in any debate in this House and will speak only through its leader the six words "Our vote shall be our reply". I think the time is coming for that. (*Cries of "Divide."*) Yes: we are not only going to divide, but divide in a fashion as to let you know the real desire of the people. How long, I ask, are the Government going to carry on the administration of this country by pure force? Time will not be long when it will be impossible for them to do so, and

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I should ask my Honourable friend the Home Member to take advice and warning in time.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, I do not wish to import any unnecessary heat into this discussion and I will try my very best not to give any offence to any individual or any party if I can possibly help it. Sir, my friend Pandit Motilal Nehru and those of his party who spoke have made their position perfectly clear. Pandit Motilal Nehru takes his stand on this, that he wants to enforce the principle of refusal of supplies. And although he has not said so, I think he has conveyed it and I think it is clear that he and his party stand here on the floor of this House for the purpose of wrecking this constitution and obstructing it from A to Z, from start to finish . . .

**Pandit Motilal Nehru:** For mending it or ending it. This is how I put it.

**Mr. M. A. Jinnah:** I do not want any ambiguity on this question, I want this question to be made clear.

**Pandit Motilal Nehru:** Where is there any ambiguity? Mend it or end it or destroy it or send it where you like.

**Mr. M. A. Jinnah:** I know Pandit Motilal Nehru has tried his very best to leave a little loophole. Is he here to mend this constitution? (*Cries of "Yes."*)

**Diwan Bahadur T. Rangachariar:** May I ask what he has done here up till now to mend it?

**Pandit Harkaran Nath Misra:** He has done more than you have done up till now, sitting where you are.

**Mr. M. A. Jinnah:** Let us clear the issue. I am prepared both on the floor of this House and outside in the country to put this issue to the test. If you succeed, and if the country supports you, no man will be more pleased than I shall be. By all means come here with a mandate. Do not evade the issue . . .

**Pandit Motilal Nehru:** The country has supported us by sending us here.

**Mr. M. A. Jinnah:** I say if the country wants that this Legislature should be wrecked and if you want to make that clear to the country, it may be that you may not have a majority for some time; it may be that some of us may die and some of us may have to resign for their own purposes and there may be bye-elections and you will come forward before the electorates and try and get that majority—that is what I mean . . .

**Pandit Motilal Nehru:** Allow me to make it perfectly clear for my Honourable friend's information that we have a distinct and direct mandate from the country to destroy this Legislature if it will not mend.

**Mr. M. A. Jinnah:** I deny it; I challenge it.

**Pandit Motilal Nehru:** We came on that ticket; that was our election manifesto.

**Mr. M. A. Jinnah:** I challenge it; the Honourable Pandit is not yet in the majority here and I challenge that and I want the country to declare it. (*An Honourable Member:* "Are you in a majority?")

**Pandit Shamlal Nehru:** May I inform the Honourable Member that we are in a majority here? If the 39 nominated Members of the Government are not counted we are in a majority in this House.

**Mr. M. A. Jinnah:** Sir, it is no use evading it. I put it to my Swarajist friends; I am perfectly willing to stand by what I say. If my friend Pandit Motilal Nehru's policy is that policy and if that is his programme, that he wants in this Assembly to obstruct from beginning to end, persistent, continuous, together with refusal of supplies, if that is his policy, and if, as my friend Mr. Chaman Lall very rightly said, we want to make this Government impossible and as Mr. Abhyankar very rightly endorsed it now, then I am opposed to it. Sir, that is the issue before us.

**Mr. V. J. Patel:** May I refer my Honourable friend to the constitution of the Nationalist Party which he himself has drafted?

**Mr. M. A. Jinnah:** My friend Mr. Patel cannot really help misrepresenting and he cannot help really putting in one sentence when he knows perfectly well that that is not the case; if he will put his hand on his heart and if he has any conscience and if he reads that constitution again he will understand it better perhaps. (*Mr. V. J. Patel:* "That is the only reply you can give.") I do not want to be side-tracked. Now, I quite understand my friend Pandit Motilal Nehru saying that we have grievances. I quite understand—and here I am afraid, Sir, that in our little controversy here the real culprit has escaped and that is what I always regret—I do not want to forget or overlook that the culprit is across there on the Treasury Bench and I do not want the accused to escape in our controversy. But let me tell you this, that while I agree that you have a very strong case, the question which I have got to consider and which I appeal to every Member of this House to consider is this: Can you make this Government impossible? (*Pandit Motilal Nehru:* "We will try our best.") (*Mr. K. Ahmed:* "Get to spinning.") Well, Sir, however much I may wish to try, however strong our feelings may be to join hands with my friends, I feel and I am convinced, and let me tell you here, and I hope that you will believe me, that I am honestly convinced that it is not possible for you to make this Government impossible at present and it will recoil on you if you make a mistake. (*Pandit Motilal Nehru:* "Have courage.") My Honourable friend says "Have courage". My answer is that I cannot share in your recklessness in your mature age. I say it is recklessness and that keeps me back.

**Pandit Shamlal Nehru:** Why did you do it last year against your conscience?

**Mr. M. A. Jinnah:** In this House, Sir, the only contribution that Pandit Shamlal Nehru makes is to interrupt . . . . .

**Captain Hira Singh Bhat:** On a point of order. Sir. The reply to making the Government impossible is just as the election was made impossible in the town yesterday, we will make the Government impossible one day in this House by fighting among ourselves.

**Mr. M. A. Jinnah:** Sir, it is no use quoting English history and quoting Cromwell when facts are different. I should like to follow Cromwell. Nothing would give me greater pleasure, Sir, than that, and certainly even my ambition will be satisfied if I can become the Cromwell of India. But where are the materials? Where are the forces? Where are the people behind your Cromwell of to-day?

**Pandit Motilal Nehru:** Come out into the country and you will see.

**Mr. M. V. Abhyankar:** Cromwell made the people, the people did not make him.

**Mr. M. A. Jinnah:** I suppose he walked alone. Therefore, Sir, it is no use quoting examples from histories of other countries, although sometimes it may have some relevancy, I admit. But after all, let us consider our position as we are situated now. Our position is this.

**Pandit Motilal Nehru:** Slaves.

**Mr. M. A. Jinnah:** We are slaves. I do not dispute it. I have always known it, I have always felt it, and I agree that we are slaves. But, Sir, all I say is this, that at present you are not in a position to make this Government impossible. I therefore want to try, until my patience is exhausted, and until I also become reckless and a wrecker, I want to try and control myself, I want to restrain myself, and I want honestly to try and coerce this Government in every possible manner and get some substantial advantage for my country. That is why I stand here. It is no use Pandit Motilal saying "What did you do last year"? The uncle says it and the nephew re-echoes it. But, Sir, let us now be frank. I do not wish to give any offence to any one. Let us be frank. Now, what did you do last year? You decided in your party, the Nationalist Party, about which my friend here cannot forget talking, to throw out all the grants. You decided to throw out the Finance Bill. You threw out four items; after you had thrown out four items, this very party went back upon their decision. What did my friend Pandit Motilal say after the first day's performance? What did Pandit Motilal Nehru say on the next day? What statement did he make? He made a statement to this effect,—and I would remind him about it,—that he was not pursuing the policy of wrecking which was the Swarajist policy, but he was following the policy of the Nationalist Party. He repudiated the policy of the Swarajist Party.

**Pandit Motilal Nehru:** I made it clear.

**Mr. M. A. Jinnah:** You made it quite clear. You repudiated it.

**Pandit Motilal Nehru:** I did, because I was not acting then as the leader of the Swaraj Party, I was then representing the Nationalist Party, and I am now representing my own true party.

**Mr. M. A. Jinnah:** The Honourable Member is now coming out in his true colours. He is appearing now as a wrecker, and yet it is repeatedly thrown in our faces that you did this last year. Last year you went back on it. I never asked you to go back on it and you proceeded with your grants and discussed them on their merits.

**Mr. M. V. Abhyankar:** For your sake.

**Mr. M. A. Jinnah:** No, Sir, it is absolutely untrue, it is a absolute lie to say that. I said I would vote with you till the last every item of the Budget and the Finance Bill if that was the decision of the party. After I had done that, I said I would decide my future position in that party. That was my position. You reversed the policy.

**Pandit Motilal Nehru:** Who reversed it?

**Mr. M. A. Jinnah:** Your party.

**Pandit Motilal Nehru:** Was it reversed by the members of the Swaraj Party or of the Independent Party?

**Mr. M. A. Jinnah:** I am not responsible for it.

**Pandit Motilal Nehru:** You sent in your resignation.

**Mr. M. A. Jinnah:** No. Therefore, Sir, it is no use our friends talking of what happened last year. Do you want to wash dirty linen on the floor of this House?

**Pandit Motilal Nehru:** You are doing it.

**Mr. M. A. Jinnah:** Because you misrepresent things. You are forcing me. I refrained from doing it, but you repeatedly asked, "What did you do last year"?

**Pandit Motilal Nehru:** Go on, wash your dirty linen.

**Mr. M. A. Jinnah:** Then, Sir, what happened? Who decided to throw out the Finance Bill? Pandit Motilal.

**Pandit Shamlal Nehru:** Pandit Malaviya.

**Mr. M. A. Jinnah:** Where was the Swaraj Party? Sir, when it suits the Swaraj Party, they become the heroes, they want to be Cromwells of India. But I appeal to you,—I have refrained from doing it,—I do appeal to you not to provoke controversy between your own people. Let us direct our attention to the opposite bench.

**Pandit Motilal Nehru:** We are making it impossible.

**Mr. M. A. Jinnah:** Then continue. The choice is yours.

**Pandit Motilal Nehru:** It is yours as well.

**Mr. M. A. Jinnah:** But I tell you that you are not going to get me to agree to pursue a policy of obstruction, to pursue a policy of wrecking and recklessness by merely resorting to these tactics.

**Pandit Motilal Nehru:** We do not depend upon you. (*A Voice:* "You are here only for 18 months.")

**Mr. M. A. Jinnah:** Pandit Motilal Nehru then says that I said something about the Congress of 1919. I only quoted the resolution of the Congress Party. My point was a simple one. It was this, that whereas Mr. Patel tried to attach some importance to an expression here and there as to what I said about dyarchy, the Indian National Congress, after the Act was actually passed, went as far as to accept it and agreed to work it. Therefore, it is no use saying that everybody was so deadly opposed to dyarchy in this country at that time. It really makes no difference, as Pandit Motilal Nehru himself says, it does not make any difference as to what the Congress thought. But, Sir, what does even Pandit Motilal Nehru say? This is what he says in dealing with the Act of 1919:

"In certain respects those requirements have been partially met. In others they have not been given the weight either for reasons which do not appeal to us or for no reasons at all. The Act is not based on the wishes of the people of India, and its provisions fall short of the minimum demands made by the Congress, but let us not belittle the good that the Act does us. We must recognise that it gives us some power and opens out new avenues of service for us which had hitherto been closed to Indians."

**Mr. A. Rangaswami Iyengar:** Is that about dyarchy?

**Mr. M. A. Jinnah:** It is about the Act of 1919 which is based on dyarchy. Pandit Motilal Nehru was the President of the Congress of that year. And he said that it "opens up new avenues for service", and Pandit Motilal Nehru has entered this Legislature under that Act, believing that it opens up new avenues of service.

**Pandit Motilal Nehru:** No, no.

**Mr. V. J. Patel:** And this is the service.

**Mr. M. A. Jinnah:** Mr. Patel says this is the service.

**Pandit Motilal Nehru:** I wish my friend would read the earlier part of my speech containing a full criticism of the Act.

**Mr. Mahmood Schamnad Sahib Bahadur:** On a point of order, Sir. Are these duellings and recriminations, answers and questions constitutional? Is it after the English constitution or the Indian constitution? If it is after the constitution of the English Parliament then we must have all the privileges of it; we do not want to imitate the bad side of the English Parliament but only the good side of the English Parliament.

**Mr. M. A. Jinnah:** I will continue, Sir, in view of the interpretation of Mr. Patel. Mr. Patel says Pandit Motilal Nehru says this is the service, namely, the wrecking of the constitution. (*Pandit Motilal Nehru:* "No, no.") I know you cannot say that because I am going to read:

"Further I venture to think that our clear duty in these circumstances is to make the most of what we have got and at the same time to continue to press for what is our due."

**Pandit Motilal Nehru:** That was the position of the Congress.

**Mr. M. A. Jinnah:** Sir, I never had said anywhere that I was satisfied with the Act.

**Pandit Motilal Nehru:** "Dyarchy was bound to succeed," you said.

**Mr. M. A. Jinnah:** These quibbles will not do. I am talking now of the Act.

**Pandit Motilal Nehru:** The quibble is yours, not mine.

**Mr. M. A. Jinnah:** Let me say again, these quibbles will not do. I have never said that this Act of 1919 is satisfactory. On the contrary, I have made it quite clear that it was not satisfactory. I have said the same thing—it opens up opportunities for service. I have said the same thing that Pandit Motilal Nehru has been saying for years and I have come here to make all the use I can of this Act. And it is no use—and I do appeal to the Members of this House—it is no use forgetting our difficulties. It is no use being carried away by some emotions like my friend Mr. Chaman Lall. Emotion is a very good thing. Sentiment is a very good thing. The realisation of wrongs inflicted is undoubtedly a very fine quality in a man. I admire it; I appreciate it. I feel all those emotions, I endorse all that feeling of resentment against wrongs. But, Sir, I also feel that my people, my country, at this moment is ill-organised, is helpless, is powerless, and I cannot make this Government impossible. It is not that I do not feel, it is not that I do not realise, but it is—let me tell the Treasury Bench again, and I do not wish to disguise the feeling. I feel it in every fibre of my being—but I regret and I am sorry—I feel humiliated—that I am unable to bend the Government; but despite that I am not in a position nor are my people in a position to-day to make this Government impossible. At present it is not a practical proposition.

**Several Honourable Members:** I move, Sir, that the question be now put.

**Mr. President:** The question is that the question be now put.

**Pandit Madan Mohan Malaviya:** Will you allow me, Sir, to make a statement to the House?

**Mr. President:** Order, order, The Honourable Member will have to wait till this House has decided whether the debate should be brought to an end or not. The decision is entirely in the hands of the Assembly.

**Pandit Madan Mohan Malaviya:** It was only in that connection, Sir, that I wanted to say that in view of the great importance of the subject and in view of the opinions that have been expressed and the persons who have been mentioned, it would be fairer if the House would allow the discussion to go on a little longer.

**Mr. President:** The Honourable Member knows, or ought to know, that when a motion for closure has been put, it is decided without debate, argument or appeal of any kind.

The question is that the question be now put.

The motion was adopted.

**Mr. President:** The question is that the Finance Bill be passed.

## The Assembly divided :

AYES—75.

Abdul Mumin, Khan Bahadur Muhammad.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Abul Kasem, Maulvi.  
 Ahmad Ali Khan, Mr.  
 Ahmed, Mr. K.  
 Aiyangar, Mr. K. Rama.  
 Ajab Khan, Captain.  
 Akram Hussain, Prince A. M. M.  
 Alimuzzaman Chowdhry, Mr.  
 Ashworth, Mr. E. H.  
 Badi-uz-Zaman, Maulvi.  
 Bhat, Mr. K. Sadasiva.  
 Bhore, Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 • Bray, Mr. Denys.  
 Burdon, Mr. E.  
 Calvert, Mr. H.  
 Chetty, Mr. R. K. Shanmukham.  
 Clarke, Sir Geoffrey.  
 Cocke, Mr. H. G.  
 Cosgrave, Mr. W. A.  
 Crawford, Colonel J. D.  
 Dalal, Sardar B. A.  
 Das, Mr. B.  
 Datta, Dr. S. K.  
 Fleming, Mr. E. G.  
 Fraser, Sir Gordon.  
 Ghazanfar Ali Khan, Raja.  
 Ghulam Abbas, Sayyad.  
 Ghulam Bari, Khan Bahadur.  
 Gour, Sir Hari Singh.  
 Graham, Mr. L.  
 Hira Singh Brar, Sardar Bahadur Captain.  
 Hudson, Mr. W. F.  
 Hussainally, Khan Bahadur W. M.  
 Hydes, Dr. L. K.  
 Innes, The Honourable Sir Charles.  
 Jeelani, Haji S. A. K.  
 Jinnah, Mr. M. A.  
 Joshi, Mr. N. M.

Kasturbhai Lalbhai, Mr.  
 Lindsay, Mr. Darcy.  
 Lloyd, Mr. A. H.  
 Mahmood Schammad Sahib Bahadur, Mr.  
 • Makan, Mr. M. E.  
 Marr, Mr. A.  
 McCallum, Mr. J. L.  
 Mitra, The Honourable Sir Bhupendra Nath.  
 Moir, Mr. T. E.  
 Muddiman, The. Honourable Sir Alexander.  
 Muhammad Ismail, Khan Bahadur Saiyid.  
 Mutalik, Sardar V. N.  
 Naidu, Mr. M. C.  
 Pal, Mr. Bipin Chandra.  
 Purshotamdas Thakurdas, Sir.  
 Rajan Bakhsh Shah, Khan Bahadur Makhdum Syed.  
 Raj Narain, Rai Bahadur.  
 Rangachariar, Diwan Bahadur T.  
 Roddi, Mr. K. Venkataramana.  
 Rhodes, Sir Campbell.  
 Rushbrook-Williams, Prof. L. F.  
 Rau, Mr. P. R.  
 Sarda, Rai Sahib M. Harbilas.  
 Sastri, Diwan Bahadur C. V. Visvanatha.  
 Setalvad, Sir Chimanlal.  
 Singh, Rai Bahadur S. N.  
 Singh, Raja Raghunandan Prasad.  
 Stanyon, Colonel Sir Henry.  
 Sykes, Mr. E. F.  
 Tonkinson, Mr. H.  
 Venkatapatiraju, Mr. B.  
 Webb, Mr. M.  
 Willson, Mr. W. S. J.  
 Wilson, Mr. R. A.  
 Yakub, Maulvi Muhammad.

NOES—40.

Abdul Karim, Khwaja.  
 Abhyankar, Mr. M. V.  
 Acharya, Mr. M. K.  
 Aiyangar, Mr. C. Duraiswami.  
 Ariff, Mr. Yacoob C.  
 Chaman Lall, Mr.  
 Das, Pandit Nilakantha.  
 Duni Chand, Lala.  
 Dutt, Mr. Amar Nath.  
 Goswami, Mr. T. C.  
 Gulab Singh, Sardar.  
 Hans Raj, Lala.  
 Hari Prasad Lal, Rai.  
 Iyengar, Mr. A. Rangaswari.  
 Kazim Ali, Shaikh-e-Chatgam Maulvi Muhammad.  
 Kelkar, Mr. N. C.  
 Kidwai, Shaikh Mushir Hosain.  
 Lohokare, Dr. K. G.  
 Mehta, Mr. Jannadas M.  
 Misra, Pandit Shambhu Dayal.  
 Misra, Pandit Harkaran Nath.

Murtuza Sahib Bahadur, Maulvi Sayad.  
 Narsin Dass, Mr.  
 Nehru, Dr. Kishenlal.  
 Nehru, Pandit Motilal.  
 Nehru, Pandit Shamlal.  
 Patel, Mr. V. J.  
 Phookun, Mr. Tarun Ram.  
 Piyare Lal, Lala.  
 Ranga Iyer, Mr. C. S.  
 Ray, Mr. Kumar Sankar.  
 Sadiq Hasan, Mr. S.  
 Samiullah Khan, Mr. M.  
 Sarfaraz Hussain Khan, Khan Bahadur.  
 Shafee, Maulvi Mohammad.  
 Sinha, Mr. Ambika Prasad.  
 Sinha, Mr. Devaki Prasad.  
 Svamacharan, Mr.  
 Tok Kyi, Maung.  
 Yusuf Imam, Mr. M.

The motion was adopted.

## THE SUCCESSION CERTIFICATE. (AMENDMENT) BILL.

(Mr. President called upon Sir Hari Singh Gour in whose name stood the next motion on the paper.)

**Sir Hari Singh Gour:** Sir, . . . .

**Diwan Bahadur C. V. Visvanatha Sastri** (Madras: Nominated Official): I rise to a point of order, Sir. The Bill now before the House (Bill to amend the Succession Certificate Act, 1889) is, in my opinion a fiscal Bill, for which the permission of His Excellency the Viceroy under section 67 (2) of the Government of India Act, ought to have been obtained. When the Bill of 1889 was introduced in the Legislative Council, it was remarked by the Honourable Mr. Scoble that the Bill had a legal as well as a fiscal aspect. This point was also endorsed by the Honourable Mr. Evans in his speech before the Council. The Succession Certificate Act was, therefore, in its nature a fiscal Act. The scope of the present Bill is to enlarge the provisions of that Act so as to bring in more money into the Government coffers. I therefore contend that the present amending Bill is a fiscal Bill, and as such, it ought to have been sanctioned by His Excellency the Governor General before it was introduced in the Council of State.

**Mr. President:** That is a point on which the Government of India in the Legislative Department must, as far as I am aware, have necessarily satisfied themselves before allowing the measure to proceed in the other place. I do not know whether the point was taken, and therefore I do not know what my Honourable colleague the President of the Council of State may have said upon it. In so far as the measure has been passed by the Council of State without being objected to by the Member of Government, which he would have done if sanction had to be given and had not been given, I have nothing to pronounce upon that matter here.

**Diwan Bahadur C. V. Visvanatha Sastri:** I leave it to you, Sir.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhamadan): Sir, I beg to move:

"That this Assembly do agree to the recommendation of the Council of State that the Bill to amend the Succession Certificate Act, 1889, be referred to a Joint Committee of the Council of State and of the Legislative Assembly, and that the Joint Committee do consist of 12 members."

Honourable Members who have followed the proceedings in another place will remember that this Bill was introduced by the Honourable Mr. Sethna. Its object is stated in the Statement of Objects and Reasons which is appended to the Bill. The object which this Bill is intended to serve is as follows. The Indian Succession Certificate Act, both in its Preamble and in its Short title refers to an

"Act to facilitate the collection of debts on succession and afford protection to parties paying debts to the representatives of deceased persons."

In the Preamble, it is stated:

"Whereas it is expedient to facilitate the collection of debts on succession and afford protection to parties paying debts to the representatives of the deceased persons; It is hereby enacted as follows."

Difficulties have arisen as to what is the meaning of the word "debts", and particularly with reference to the amount payable by the Life Insurance companies on the death of the assured. The meaning of the word "debt" has been interpreted one way by the Calcutta High Court and somewhat differently by the Madras High Court. In the Calcutta High Court it has

[Sir Hari Singh Gour.]

been held that the word "debt" in the Succession Certificate Act should be construed liberally as connoting existing as well as future obligations. And they have accordingly in 42 Cal. 10 construed it to include part of a debt, and in 36 Cal. 936 overruling 2 Cal. W. N. 591, they have construed it to include an obligation arising after the creditor's death. Even a deferred dower has been construed to be a debt within the meaning of this Act. See 16 Cal. W. N. 231. Unfortunately, the Madras High Court in 35 Mad. 162 were inclined to take a narrower view of the meaning of this term. They referred to the Married Women's Property Act and said that the provisions of that Act did not apply to Hindus. So far as that part of the Act is concerned it has been overruled by an Act of this Legislature known as Act XIII of 1923. But apart from that case, there are three cases to which references are to be found in the commentaries on this Act, namely, 8 M.L.W. 466, 32 I.C. 991, and 33 I.C. 157, in which the learned Judges seem to hold, or, at any rate, are understood to have held that a claim arising out of a life insurance policy on the death of the assured is not a "debt" within the meaning of the Succession Certificate Act. The Life Insurance companies have been, therefore, confronted with this difficulty. They want to clear the claims as soon as possible after the death of the assured. Now, as Honourable Members are aware, there are only three possible courses open to the representatives of the deceased in establishing their right to the money which the insurance companies are willing to pay on the death of the assured. One is by a suit obtaining a declaration of title. The second is (in the case of a will,) by obtaining probate or letters of administration, and the third is a more summary and speedier relief by obtaining a certificate, on succession as distinct from survivorship. I understand, Sir, that in the large majority of cases the practice of the insurance companies is to call upon the representatives of the deceased to obtain a certificate under the Succession Certificate Act, and the amendment of the Act which has been moved by the Honourable Mr. Sethna in the other House is intended to bring that practice in line with the Statute. I may say at once that, while I approve of the principle of the Bill, I think that the frame and structure thereof requires revision, and I would ask the Honourable Members of the Select Committee to carefully examine whether the purpose which the author of the Bill has in view cannot be served by inserting a definition of the word "debt" in section 3 immediately after clause 1. Honourable Members will find that this Act deals with two classes of obligations, debts and securities. While it defines in section 3 the word "security" it omits to define the word "debt", and it seems to be more logical if we add a definition of the word "debt" along with the definition of the word "security" given in section 3. But this, as I have said, is a matter of detail. On the question of principle I submit that this House should concur with the other House. Sir, I move my motion.

The motion was adopted.

**Sir Hari Singh Gour:** I move:

"That the following Members of the Legislative Assembly be nominated to serve on the Joint Committee to consider and report on the Bill to amend the Succession Certificate Act, 1889, namely:

The Honourable the Home Member,  
 Diwan Bahadur M. Ramachandra Rao,  
 Rai Sahib M. Harbilas Sarda,  
 Mr. K. C. Neogy,  
 Mr. Abdul Haye, and myself."

I need hardly add that this is a Committee which has been appointed by this House to examine the Indian Succession Act, and the Succession Certificate Act is somewhat closely connected with the Indian Succession Act. I therefore move this motion also.

The motion was adopted.

## THE INDIAN TARIFF (AMENDMENT) BILL.

**The Honourable Sir Charles Innes** (Commerce Member): I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1894, as reported by the Select Committee, be taken into consideration."

The Report of the Select Committee, Sir, is in the hands of this House. Honourable Members will see that in the Select Committee we have made only one change of substance in the Bill. That change relates to the item regarding cigarettes. We proposed in the original Bill that a uniform flat rate of Rs. 8 a thousand should be imposed upon cigarettes. When I moved that the Bill be referred to a Select Committee, I explained the reasons why Government had come down in favour of specific duties instead of *ad valorem* duties. Those reasons were three. In the first place, the bulk of the trade were in favour of specific duties, as opposed to *ad valorem* duties. In the second place, our Customs Collectors have for many reasons pressed upon us for many years the need for imposing specific duties on cigarettes instead of *ad valorem* duties, and in the third place, now that cigarettes are coming in some quantities over our Burma-Siam, frontier and through the Kathiawar ports where our customs arrangements are not as efficient as they are at the major ports of India, we should have a simpler form of assessing cigarettes to duty. The House will see that the Select Committee have approved of those arguments and have agreed to the principle of specific in preference to *ad valorem* duties. But they took the point which was raised by the Honourable Mr. Jinnah in the debate on the motion to refer the Bill to a Select Committee that it was not quite fair to the cheap smoke that we should have one flat rate for all cigarettes, and they have divided cigarettes into two classes, one class not exceeding Rs. 10-8-0 in value and the second class consisting of cigarettes above that value, and they have proposed two rates of duty for those two classes of cigarettes. As the Report of the Select Committee shows, that line has been drawn between cigarettes sold in packets and roughly speaking the superior quality of cigarettes which are sold in the larger containers. About 88 per cent. of the cigarettes which come to India will come under the lower class of duty, and 94 per cent. of those lower valued cigarettes already pay a duty of Rs. 6-15-0. I do not think therefore that it can be said that we are hurting the poor man's smoke. I think that it is all that I need say at this stage, and I move that the Bill be taken into consideration.

The motion was adopted.

Clause 2 was added to the Bill.

**Mr. President:** The question is:

"That this be the Schedule to the Bill."

**Mr. W. S. J. Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, when this Bill was first introduced I had occasion to take exception to the time that was allowed us, but it is unnecessary to emphasise that point further now. I want to confine myself very briefly to the main fact at issue as I see it. I want, first of all, to make it perfectly plain to the House that I am not asking for any *reduction* of duty. I am not asking for a reduction of charge such as was the question of postage and the salt duty! I am merely addressing you, Sir, with a view to prevent an *increase* in the duty levied on imported sugar. I protest against this increase, firstly, because this Bill is a proposal, as I shall shortly show, to increase the duty, and I say that, in the words of Mr. Lloyd this morning, it is not correct under cover of a Bill to alter an \*Act. Mr. Lloyd used that argument this morning and said it was not right to effect alterations of the Income-tax Act under cover of a Finance Bill. He made that statement both to Sir Gordon Fraser and Sardar Gulab Singh, and my case is exactly the same under this Bill. The Bill, as I now, Sir, will proceed to show, seeks to effect an increase in the rate of duties. In introducing the Bill (*Mr. V. J. Patel*: "Under cover of what?") Under cover of this Bill itself. (*A Voice*: "This Bill professes to amend the Tariff Act.") The Bill professes to impose a fixed duty on sugar and if the Honourable Member will turn to paragraph 2 of the Statement of Objects and Reasons he will find it stated there quite definitely. Paragraph 2 runs as follows:

"The present import duty on sugar is an *ad valorem* duty of 25 per cent. assessed on a tariff valuation which is calculated for each calendar year."

I need not weary the House by explaining exactly how that tariff valuation is arrived at. It will suffice for my purpose if I say that that basis has been agreed upon with the sugar trade and it is satisfactory to them and to the Government and has been accepted and in force for a number of years. Now, Sir, the present tariff valuation of sugar is Rs. 17-8 per cwt. A duty of 25 per cent. on Rs. 17-8 would be Rs. 4-6 per cwt. (*The Honourable Sir Charles Innes*: "Which is being levied now?") Yes, which is being levied now. The Bill proposes to increase that rate to Rs. 4-8. Now, I am not quarrelling with the slight increase of 2 annas which will be neither here nor there. Nor am I quarrelling with the principle of a specific rate *versus* an *ad valorem* rate. But I do point out to the House that this duty proposed in the Bill, namely, Rs. 4-8 per cwt., represents a 25 per cent. duty which is the present duty on a sugar valuation of Rs. 18 per cwt. Therefore, sugar which could reach this country at Rs. 18 per cwt. becomes Rs. 22-8 in the bazaar. Now, to-day's price is not Rs. 22-8 but considerably less. In introducing the Bill the Honourable Member gave you the prices, that is the tariff valuations, for the last five years, showing that they went down from Rs. 32-4 in 1921 to Rs. 17-8 for the current year. I will remind the House that the Rs. 32-4 was a legacy of the war, and the prices had not gone down. For the last five years we have had a steady decrease in the price. The first year it was Rs. 32-4, the next year Rs. 26-4, the third year Rs. 16-4, then Rs. 17-12 and finally Rs. 17-8, and I do not think the Honourable Member will quarrel with me if I say that the average for this year, I mean up to date, would work out on a basis of about Rs. 14-8. If that be true, 25 per cent. of Rs. 14-8 would be about Rs. 3-8, or Re. 1 less than the figure now sought to be inserted in the

\* *i.e.*, a Machinery Bill to alter a Tariff Act.

Bill (*The Honourable Sir Charles Innes*: "And the figure now paid".) It would be one rupee less than the figure now paid. But, Sir, I have pointed out that the tariff valuation now in force has been a high one on a descending scale and I hardly think it is fair that the Government should have been content to take and collect an *ad valorem* duty for many years when prices were abnormally high and, when we reach the stage when we are getting back somewhere nearer to the normal, seek to change the whole basis and put on a specific duty which is higher than it would be under the *ad valorem* basis. The Honourable Member gave us one of his reasons the financial effect. But I have pointed out that I am not asking nor claiming any reduction of taxation. I am merely opposing a measure which will have the effect of increasing it if the House passes it. It is therefore both on principle and in practice that I oppose it, and I trust the House will support me in carrying it to a division. The House must also remember that conditions of world trade are now getting back to normal, that sugar has been steadily decreasing in prices and the latest information I have of prices both from my Bombay Chamber and from my Bengal Chamber is as follows: Bombay quoted Rs. 18-6 as the price of sugar to-day including the duty of Rs. 4-6 which makes it Rs. 14 net; and Calcutta quoted Rs. 16-11, which, less Rs. 4-6, would be Rs. 12-5. So that those prices show a considerable reduction below the average of the year up to date. In addition to this, my information from a very reliable source as to the probable course of world prices of sugar is that the tendency is downwards and that already the prices are lower for shipment towards the end of the year than in the immediate future. (*Pandit Shamlal Nehru*: "Does not too much sugar interfere with the health generally?") Sugar is an article of food of which the consumption per head of the population is very greatly in excess of the consumption of salt. It is not a cheap article but it is an expensive one, and whereas in the case of a cheap article we may be able to ignore a tax of a few annas a maund, it presses more heavily on an expensive article. Some question has been raised as to the dividing line which I seek to follow out between a Rs. 4 duty and a Rs. 3-8 duty. It is thought by many that a more fitting dividing line would have been the Dutch standard No. 24. But the point is not important, and as it would take a certain amount of explaining to the House, I do not propose to press it. I do propose, however, to emphasize to the House that the demand I am making upon them is a very small one. It is not such a demand as I might reasonably be entitled to make. If the figures I have given you are correct, as of course, they are, showing the value of sugar at anything from Rs. 12 to Rs. 14, I would be perfectly entitled to demand a reduction of this duty by one rupee. But having regard to all the circumstances and in the hope that the modesty I am displaying may lead to your lending me your support, I have only moved for a reduction of 8 annas, to Rs. 4 and Rs. 3-8, and I hope the House will support me in resisting any increase of taxation in this way, and especially under a Tariff Amendment Bill, and not under a Finance Bill.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): I intervene in this debate, Sir, only to point out that the apprehension I had when the Bill was submitted to the House at the first reading has been proved in the Select Committee to be absolutely correct, and that this Bill has been brought in more for the purpose of revenue, in view of the fall in the trade prices of sugar, than for anything else. And as I said then, it is absolutely open to this House now to decide whether they wish to give to the Executive that increased revenue which will come

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only if the Bill is passed now, or whether they would like the Executive to go without that increased revenue. In fact, Sir, with this amended Bill, the duty on sugar will not be 25 per cent., as it has been until now, but 33 per cent. I do not see much encouragement to my friend who has just spoken, looking at the presence in the House, but I think it should go down on record from a Member of the Select Committee that there was no other material reason advanced by Government for the change they want. It is a question of getting more money from the same source of revenue.

**The Honourable Sir Charles Innes:** Sir, I do not think the Honourable Member who has just spoken has given a correct or full account of the proceedings of the Select Committee. We discussed this question in very great detail, and I pointed out that the reason why we first took up this question of substituting a specific for an *ad valorem* duty was the extraordinary inconvenience caused to our finances by the extreme fluctuations of the revenue from sugar. Under our present system we have two uncertain factors to contend with. One is the uncertainty of the amount of our imports. They vary in the most surprising manner from year to year. And the other is the uncertainty of the rate of duty which, as I explained, is based on a tariff valuation, which tariff valuation represents the average value of sugar in the 12 months from the preceding September. The fluctuations in our revenue have amounted in some years to two crores of rupees, and that was the reason why we took up this proposal, and that was the reason why we came down in favour of a specific duty; and I would point out to the House that the Honourable Member who has just spoken was one of those who, in Select Committee, recommended that the Bill should be passed as amended.

**Sir Purshotamdas Thakurdas:** May I state that what I said now was the same as the substance of what was said by the Select Committee? Government did put forward these small points that did not matter. Regarding my being a party to the Select Committee report, all I would say is that I have not risen to-day yet to oppose the Bill. It is for the Members of the Assembly who do not want taxation to be thus increased to throw it out.

**The Honourable Sir Charles Innes:** I feel, Sir, that I must thank my Honourable friend Mr. Willson for the extreme moderation with which he put forward his case. It is a case which I know he feels somewhat strongly about. I feel I must also congratulate the Honourable Member on being a convert at any rate to my main point. I think when he first spoke on the subject of this Bill, he expressed more or less a preference for a continuation of the present system of an *ad valorem* duty, based on a tariff valuation. I am glad to see from his amendment that he has now come down in favour of the system of specific duties, and I make bold to say here and now that the sugar trade in India is entirely in favour of a specific duty as opposed to an *ad valorem* duty. In fact so far back as 1911 the sugar importers of India applied to the Government of India to have specified duties imposed. It is now merely a question between the Honourable Member and myself of the pitch of the duty, whether it should be Rs. 4-8 per cwt. or whether it should be Rs. 4 per cwt. I should also like, by way of preliminary remark to take up an observation made by the Honourable Mr. Willson. I took down his exact words. He said it was not correct,

under cover of a Bill to amend an Act. I think he meant that in some way or other we were trying to amend the Indian Tariff Act by a side-wind, and that we should have behaved more properly if we had included this proposal in the Finance Bill. Now, Sir, the reason why we did not include this proposal in the Finance Bill is a very simple one. In the first place when we took up this problem financial considerations were not present in our minds, except in so far as the instability of revenue to which I have already referred was concerned. It is a fact that, since we matured this proposal, as I said in my last speech on this subject, the bottom has dropped out of the sugar market, and this Bill has assumed financial importance, but the financial importance is not for the year 1925-26. Our present tariff valuation, that is to say that under which the actual duty now levied is Rs. 4-6 per cwt., remains in force till the 1st January, 1926, and it will only be in the last three months of the year that we shall feel any effect at all from retaining our present system. That was the reason why we did not include this Bill in the Finance Bill, and I should like to ask this House whether this House or the Honourable Member in any way is suffering from the procedure we have adopted. We are not doing what Mr. Lloyd said Sir Gordon Fraser was trying to do in the Income-tax Act. We are not trying to amend the Indian Tariff Bill by a subsidiary Bill. We are actually taking up the Indian Tariff Act, under which we levy all our import duties and putting the Act before the Assembly and asking the Assembly to amend it. By not including this proposal in the Finance Bill, I claim that we are giving this House a very much better opportunity of considering this proposal, and that was one of the main reasons why I put these three relating to cigarettes, mixed silk, sugar and the other things in the Tariff Bill instead of in the Finance Bill, because, as everybody knows, the Finance Bill has to be got through in a certain time. Of necessity the House must deal with it in a somewhat hurried fashion. Now, Sir, when I put this proposal in a Tariff Bill and proposed that that Tariff Bill should be referred to a Select Committee, I claim I was consulting the convenience and the interests of this House because I am giving this House the best possible opportunity of considering my proposal through the means of a Select Committee elected by itself. So I do not think it can be held up against me that I have acted in any way improperly in placing this proposal in a Bill directly to amend the Tariff Act instead of in the Finance Bill.

Now, Sir, let me take Mr. Willson's main point. He says in effect we are increasing the duty from 25 per cent. to something like 30 per cent. (Mr. W. S. J. Willson: "35 per cent.") To 33 per cent. I am quite prepared to agree with the Honourable Member that all indications are at present in favour of a drop in the value of sugar. Our present valuation, as the Honourable Member explained, is Rs. 17/8 per cwt. That remains in force till the 1st January next and a 25 per cent. *ad valorem* duty upon a Rs. 17/8 tariff valuation means a duty of Rs. 4/6. Now I am quite prepared to admit that since the 1st October last, till the end of January, the price of sugar has dropped, and the average price of sugar imported into India since 1st October last is Rs. 14/8 per cwt. The House must remember that month by month we collect the average price of sugar imported into all ports of India. We work out the average prices, and we publish it month by month in the Indian Trade Journal, so that the trade may know the course of sugar prices so that, by the end of September this year, the trade will know what the tariff valuation for the year 1926 will be. This figure, made up to the end of January, shows that the average price of sugar since

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the 1st of October imported into India is Rs. 14-8 per cwt. I am perfectly prepared to admit that in 1926 the tariff valuation for sugar, instead of being Rs. 17/8 as this year, is likely to be lower. It may be Rs. 14/8; it may be less, it may be more. I cannot say more than that. Sugar is a very chancy crop—you may have a failure in Cuba, you may have a corner in America, prices may go up or may go down. But all the indications are in favour of what the Honourable Member said, that the tariff valuation for sugar in 1926 is likely to be something like Rs. 14/8 per cwt. instead of Rs. 17/8 as it is now. And that is a consideration which is very relevant to this problem which is now before the House. For supposing the tariff valuation in 1926 on the present system is Rs. 14/8 and supposing we take 25 per cent. *ad valorem* duty, the actual duty we shall levy will be something like Rs. 3/10 per cwt. as against the Rs. 4/8 we are proposing. I am quite prepared to admit that, but my point is this, and that is the point which was brought to my notice when we were maturing this proposal if we do not alter this system and if we do not impose this specific duty at the rate which I now propose, for every 4 annas in duty we drop we lose 22½ lakhs of revenue. On our average imports of sugar of 450,000 tons per year a drop of Rs. 10 per ton (or 8/ a cwt.) would cost us 45 lakhs a year. That is the effect of the Honourable Member's proposal. I propose Rs. 4/8 a cwt.; the Honourable Member proposes Rs. 4. That means a drop in duty of Rs. 10 per ton, and that means a loss in revenue which we estimate at 45 lakhs:

Now I shall proceed to show the House that the rate of duty I propose will not hurt anybody; it will not hurt the trade and it will not hurt the consumer. (Mr. Devaki Prasad Sinha: "May I ask the Honourable Member" . . .). The Honourable Member will be able to make a speech later. Now what is the objection to a high rate of duty? The objection of course is (a) that it presses hardly upon the consumer, and (b) that it loses import revenue by checking imports. The price to the consumer of course is made up by the landed price *plus* the duty. At the present moment the average price of sugar is Rs. 14/8. The actual duty we are levying at the present moment is Rs. 4/10 per cwt. That is, we are levying what is equivalent to an *ad valorem* duty of over 30 per cent. I should like to ask the Honourable Member whether that high rate of duty has checked in any way the imports of sugar into India? I have the actual figures here. Since the 1st of October up to the end of January, that is to say, in 4 months we have imported into India 275,000 tons of sugar. That is to say, we are importing sugar at this moment at the rate of 70,000 tons a month; and since the 1st of April last year we have imported 561,000 tons of sugar. Last year up to the 31st December our rate of duty was Rs. 4/7. Since the 1st of January our rate has been Rs. 4/6. We have imported up to January 561,000 tons of sugar. That is very much in excess of our normal imports. I ask anyone has that checked imports? Do these figures indicate that the consumer is suffering? The answer, Sir, is clearly in the negative. The fact is this, that though our duty has remained at Rs. 4/7 the actual price of sugar has been dropping. The consumer has had the benefit of that drop in price. He has not felt the incidence of the duty because he has had the benefit of the drop in prices; and so far from the consumer suffering in any way, on the contrary, the import of sugar into India has been stimulated. At present the price of sugar is dropping still further and the consumer is getting the benefit of that drop. He is getting the benefit at the present moment of a drop from the tariff valuation price of Rs. 17/8 per cwt. to an

actual price of Rs. 14/8; the average value *ex* duty of sugar imported into India since 31st September last has fallen from Rs. 17/8 to Rs. 14/8; he has got the benefit of the Rs. 3 drop and he does not feel this rate of duty. Now my claim is this. The figures I have shown indicate that the consumer will not suffer by maintaining the rate of duty approximately at its present figure. Last year it was Rs. 4/7; at the present moment it is Rs. 4/6, and we propose to stabilise it at Rs. 4/8. I would like to point out to the House that since the 1st April 1921 up to the 31st March 1924 we imported into India over 41 million cwts. of sugar at an average duty of Rs. 4/6. All we are doing is to propose to stabilise the duty at that rate; and I suggest it would be impossible for the House to accept this proposal made by the Honourable Member because we shall lose something like 45 to 50 lakhs of rupees revenue and there is not the slightest reason why the Government of India or this House should give up that revenue. We want that for provincial contributions; we want it for the cotton excise duty; and it seems to me the House would clearly be stultifying itself if for no reason at all they gave up this revenue, especially, as I have shown, it is not hurting the trade and it is not hurting the consumer. I oppose the Honourable Member's amendment.

**Sir Campbell Rhodes** (Bengal: European): Sir, I am thoroughly in agreement with the Honourable Member for Commerce in his desire to get to specific duties. I have always advocated them and now that so much of our income is derived from import duties I still more strongly advocate them for reasons into which I need not enter here. But the Honourable Sir Charles Innes has admitted that this is not only a tariff amendment Bill but is also a taxation Bill, a Finance Bill. We have passed a few minutes ago with remarkable unanimity the annual Finance Bill and now we are having attached to it an appendix. I submit, Sir, that the proper place for this particular proposal is in the Finance Bill so that we can look at the whole subject of taxation as one. This is a question of the raising of the duty which I think I might have supported under the Finance Bill; but my difficulty is this. I say quite frankly this imported sugar is distributed very largely round the ports—I mean, Calcutta, Bombay and Karachi, and therefore this 45 lakhs to which the Honourable Sir Charles Innes has referred is another tax on my poor province.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, it is seldom that this Government do introduce any method of taxation that goes to help the industries of India. Well here I find the Government introducing a specific duty on sugar that is going indirectly to help the sugar industry of India. Time was when India did not import any sugar from outside; but now as Sir Charles Innes has just told us India imports 275,000 tons of sugar per annum. Time was when country-made sugar was manufactured in every village and the product was consumed throughout the country. If sugar is now imported it is for consumption in the larger towns; and by levying the specific duty which the Government propose, India may get a chance of making some headway in the manufacture of sugar in her numerous factories and by the country-made process as well.

My friend Mr. Willson has said that the trade condition of the world has come to its normal state. I agree with Mr. Willson that trade conditions are normal and are in a much better position now and it is time that the Indian sugar industry has a chance to revive and hold its own head against foreign imported sugar. My socialist and free trader friends

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in this House may say that they want the duty to be abolished altogether. But, Sir, I am not for free trade; I am for tariff protection of Indian industries. One of the intentions of the Montagu-Chelmsford Reforms is the fiscal autonomy of India. I am for that, and I heartily support the duty that has been imposed by the Government. I agree with my friend, Sir Campbell Rhodes, that if Government can see their way to allow this sugar duty to be brought into the Finance Bill it will give us a chance of revising our decision every year.

**Mr. Devaki Prasad Sinha** (Chota Nagpur Division: Non-Muhammadian): Sir, I have not been able to understand whether this increase in the duty on sugar from 25 to 33 per cent. *ad valorem* is proposed in order to derive extra revenue for the needs of the State or whether it is necessary to give protection to the sugar industry in India. If additional revenue is required for the purpose of the State then to my mind this proposal for an increase in the existing rate of taxation should come in the Finance Bill. It, on the other hand, it is necessary to give protection to the sugar industry of India by raising the present level of import duty, then a proper case should be made out for it. I understood the Honourable Sir Charles Innes to say that the chief idea Government have in their minds in bringing forward this amending legislation was to change the character of the tax from *ad valorem* to specific. Well, Sir, that is very good and I think on that point we all agree; but what justification is there for introducing an increase in the amount of duty imposed upon imported sugar by means of a legislation like this? The principle which ought to govern any legislation of this kind is this: that when you require more money you ought to make out a case for more money; and when you require additional taxation and increase in customs duty for protecting Indian industries, you ought to make out a case for protection. I submit, Sir, that at the present moment while discussing this Bill we have not heard very cogent arguments for enhancing the present rates of taxation, and I have therefore very great pleasure in supporting my friend, Mr. Willson's amendment.

**Mr. President:** The question is:

"That in item No. 7 of the Schedule for the figures '4-8-0' and '4-0-0' the figures '4-0-0' and '3-8-0' respectively be substituted."

The motion was negatived.

**Pandit Shamlal Nehru:** On a point of order, Sir, I was all along saying "Aye".

**Mr. President:** The Honourable Member is usually more vocal than that when he has an opinion to express! I did not hear him when I finally declared that the Noes had it.

The next amendment in Mr. Acharya's name is not in order as it proposes an increase in taxation. I pass on to the one standing in the name of the Honourable Sir Charles Innes . . . .

**Mr. M. K. Acharya:** Sir, it is not primarily with the object of raising the revenue that I have sent in the amendment, but to have my say against the policy of Government with regard to what I consider the cheapening of an article, which ought not to be encouraged and on which I do not think it is possible to put too heavy a duty. It is with a view to consider this point that I sent in my amendment and not with the object of

reflecting the revenues; it may have the effect of subtracting or adding to it—I wish it would subtract—perhaps it may add—but I am indifferent about it; and if you do not allow me, Sir, to move this amendment, I cannot have my say.

**Mr. President:** The Honourable Member is quite entitled to argue on the item 9 as he pleases, but neither his motives nor his arguments can alter the fact that the actual proposal he has on the paper is in effect to increase the charge. He cannot move it, but he can speak on the Schedule.

**The Honourable Sir Charles Innes:** Sir, I beg to move:

“That to item 9 of the Schedule the following Note be added:

‘*Note* :—For the purposes of this item, ‘value’ means real value as defined in section 30 of the Sea Customs Act, 1878; provided that the amount to be deducted on account of duties payable on importation to determine the real value in accordance with the provisions of clause (a) of the said section shall be Rs. 7 per thousand’.”

Well, Sir, the amendment deals with rather a technical point which I am sorry I missed in the Select Committee. The object of this amendment is to clear up what would be a practical difficulty if we let the Bill go to customs officers in the form in which it left the Select Committee. Our proposal was that cigarettes of a value not exceeding Rs. 10-8 per 1,000 should be assessed at a duty of Rs. 7 per thousand, and that cigarettes exceeding Rs. 10-8 per 1,000 in value should be assessed to a duty of Rs. 10-8 per thousand. By value we meant landed cost excluding duty. Under the Sea Customs Act there are two methods of determining value for assessment of duty. Either the customs officer can calculate it from the invoice or he can deduce it from the local wholesale cash price. Invoices are not always to be relied on and the latter is the more usual method. But under this method, value means local wholesale cash price less duty payable, and if we leave the item as we left it in Select Committee, the customs officer will at once be confronted with the difficulty which of the two duties Rs. 7 or Rs. 10-8 he has to deduct. Take cigarettes of a local wholesale cash price of Rs. 18 per thousand. If he deducts Rs. 7, the value will be Rs. 11 per thousand, and the cigarettes will be liable to a duty of Rs. 10-8. But under the law he is required to deduct the duty payable. Therefore, he should have deducted Rs. 10-8. But if he deducts Rs. 10-8, the value of the cigarettes will be Rs. 7-8 per thousand and the duty payable will be Rs. 7. Thus the whole time he is working in a circle. It is necessary, therefore, to tell him what duty he should deduct, and the duty he has to deduct is clearly Rs. 7. I think I can explain that point by a very simple illustration. The most valuable cigarettes liable to this Rs. 7 duty are cigarettes whose landed cost *ex* duty is Rs. 10-8 per thousand. The local wholesale cash price of such cigarettes therefore is Rs. 17-8, that is, the landed cost *plus* duty. Any cigarettes with a higher local wholesale cash price than that, say Rs. 18 per thousand, should pay a duty of Rs. 10-8 and you get that result by deducting Rs. 7. Sir, I move my amendment.

The motion was adopted.

**Mr. President:** The question is:

“That the Schedule, as amended, stand part of the Bill.”

**Sir Campbell Rhodes:** Before you put this motion, Sir, I would like your ruling on a point on which I have some little difficulty, which may possibly be shared in other quarters of the House. This is a Bill further to amend the Indian Tariff Act and the Schedule contains the operative

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part of the Bill and deals with certain matters such as rubber, sulphur, postage stamps, sugar, etc. The point on which I desire your ruling, Sir, is whether the Schedule can be amended and added to by us by putting in amendments on matters not dealt with in the Schedule as it stands, for instance, whether we can bring in the question of the machinery clauses of the Indian Tariff Act. I should like your interpretation as to the words in the Preamble "for the purposes hereinafter appearing"—whether those words limit us to the items named here or whether we can range over the whole extent of the Indian Tariff Act.

**Mr. President:** Honourable Members are aware that ordinarily a ruling on a point of order is reserved until the point actually arises in a practical case. The Honourable Member has put to me a question which, however, I can answer without actual reference to any specific item. The scope of a Bill is defined in the Preamble read with the clauses and Schedules. Where the Preamble to a Bill recites such words as are used in the present Bill—"for the purposes hereinafter appearing"—those purposes must be held to mean the purposes appearing in the clauses of the Bill on introduction and not anything that might be introduced thereafter. Therefore the scope of a Bill is defined by the introduction of those words and is limited to what is actually set forth in the clauses and Schedules of the Bill on the day of introduction.

**Mr. M. K. Acharya** (South Arcot cum Chingleput: Non-Muhammadan Rural): Sir, before the Schedule is passed, I desire to express my very strong protest against at least one item which is included in the Schedule, and I wish to record my very emphatic protest from what I may call the general standpoint. I am aware, Sir, that I am standing in a House where the vast majority of the Members, for whom otherwise I have great respect, may not agree with me in thinking that smoking is a very bad vice. But I shall not be true to myself if, as an orthodox Hindu, I do not say what I consider honestly to be a vice, if I do not call a vice a vice. And the greatest pity of it is that this vice is spreading very rapidly in this country, as I shall be able to show from facts and figures. It is very unfortunate that the smoking evil is spreading very fast and very wide. Little boys as well as old men have taken to it, and it is still more unfortunate that the Government, as I consider, are helping what is called the import of cheap cigarettes. It is sometimes said that smoking has become a necessity of life, and it is also said on behalf of the poor man that he must have cigarettes. I do not know if tobacco is an article of food or of necessity of any kind, but I for one, as an orthodox Hindu, am a very strong anti-smoker; and even if I should at any time take to smoking, which God forbid, that would still be a vice; and I should never consider it otherwise. Here are the figures in this book, and if anybody cares to look into the figures of imports that are given in this fine book which is published by the Government, they will see that a very large quantity of cigarettes is imported into this country. There is also a good deal that is manufactured in this country. And when I point out that even school and college boys have taken to smoking cigarettes in these days, nobody can deny the vice is spreading fast. I say that when I was at school and college some thirty years ago, neither Hindu nor Muhammadan boys, were in the habit of smoking. The change that has now come about is most grievous. I can quite understand when great men, big men, men who are held in esteem take to smoking publicly as an amenity of social life,—often times I am

offered cigarettes, and as often I am driven to the painful necessity of refusing the kind offer of my friends—but little boys cannot help following the pernicious example set before them. You are aware, Sir, that I am not in the habit of rising to speak too often; but here is a matter on which I cannot vote in silence; and although there is a very poor attendance in the House to-day, I wish to record my protest against the importation of cheap cigarettes into this country; this protest I desire that the outside world should know. I hope my worthy friend Pandit Malaviya at least will join me in my protest. Do we Indians really want cigarettes to be imported into this land? All kinds of cheap pernicious cigarettes, under fine names such as "Silver Cloud", "Scissors", "Battle Axes", "Elephant", all kinds of cigarettes are imported into this country,—I really do not know all their names,—and beautiful figures of men and women are temptingly drawn on placards and handbills distributed so as to reach the hands of little boys! and this has a very undesirable and pernicious influence on their tender minds. These beautiful figures and pictures tempt the little boys everywhere who buy cheap cigarettes and take to smoking. Those who are addicted to this vice, this very evil vice, not only pollute themselves but also pollute God's pure air. I contend, Sir, that we have a right to God's pure air, even that I am unable to get whether I go into a market, or get into a railway carriage or tread the thoroughfare, and I find that I cannot get God's free and gracious gift unto man, because so many men, so many passengers, begin to smoke and the air is tainted and rendered impure. The drunkard hurts himself, while the smoker not only hurts himself but hurts others as well.

**Mr. M. A. Jinnah:** We cannot get pure air in this House either.

**Mr. M. K. Acharya:** Yes; I fear it is very difficult to get pure air in this world even. May God help us at least in the determination that as far as we can endeavour, both physically and morally, we should try to live in as pure air as possible. I want therefore the smoking vice to be restrained; and to that end, of course, I suggest that the duty on tobacco should be increased twice, thrice or even four or five times; that is one way of checking the evil. It will also help the Government to put more money into their coffers, and I would suggest to the Honourable the Finance Member that he should increase the duty on tobacco if not this year, at least next year. I really do not see why this luxury should not be taxed. You want to tax sugar, why should you not tax cigarettes? Cigarettes are not at all a matter of everyday necessity whether here or elsewhere. I do not believe that tobacco is grown in Europe, it was introduced there some 300 years ago, but somehow it is being used all over Europe to an alarming extent. It is very difficult to grow roses but prickly pear grows everywhere. I do not want to hurt the feelings of any of my friends, but all the same I trust that even smokers themselves will admit that smoking is a vice and a very bad vice for children. I do not mind if grown up people who are addicted to smoking would continue in it, but I am entirely against children taking to smoking or children indirectly being encouraged to smoke. If old people want to smoke for their own pleasure, let them do so in such a way as to cause the minimum amount of harm and inconvenience to others. I thank you, Sir, for having given me the opportunity to record my emphatic protest against anything that may go to spread the use of cigarettes which I consider a most pernicious vice.

**Mr. Devaki Prasad Sinha:** What about "bidies"?

**Mr. M. K. Acharya:** I am as keenly against indigenous "bidies" and would urge a high Excise duty on these. I know it is said that "bidies" are hurt by the importation of foreign cigarettes. Even in the matter of indigenous cigarettes, I desire no protection; I do not mind that there is now competition between the indigenous and foreign article. All I wish to say is that cigarettes, whether foreign, and imported or native and indigenous, should be discouraged; and that a very high customs or Excise duty should be imposed on them so that we may have a chance of getting God's most precious gift of pure air which, as I said, is being tainted by those addicted to the pernicious habit of smoking;—a habit unfortunately which is rapidly spreading in this country.

**Diwan Bahadur T. Rangachariar:** Sir, having listened to the very eloquent appeal of my friend behind me, I am tempted to suggest to him that it is open to him as a Member of the Assembly and to the huge party to which he belongs to introduce a Bill prohibiting smoking in this country.

**Mr. M. K. Acharya:** Sir, my honourable friend is a leader, while I am only a humble Member of this House, and I therefore think he will take the initiative in this matter.

The Schedule, as amended, was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**The Honourable Sir Charles Innes** (Commerce Member): Sir, I move: "That the Bill, as amended, be passed."

The motion was adopted.

#### THE PRISONS (AMENDMENT) BILL.

**The Honourable Sir Alexander Muddiman** (Home Member): Sir, I move:

"That the amendment made by the Council of State in the Bill to amend the Prisons Act, 1894, be taken into consideration."

Sir, this is a very small matter. It is merely to correct a drafting mistake which was made in the Bill as it was introduced and as it was passed in this House. The effect of clause 2 of the Bill as here passed was to repeal the whole of clause 11 of section 46 of the Prisons Act of 1894. At the time it was not observed that the words "as defined in clause 11" which occur in clause 12 of the section I have quoted had been retained in the Act. The consequence is there is a reference to clause 11 which, as a matter of fact, has been repealed. It is, therefore, to correct this mistake that I make this motion.

**Diwan Bahadur T. Rangachariar** (Madras City: Non-Muhammadian Urban): Sir, I wish to draw the attention of the Honourable Member to the very painful spectacle which I see every day almost in driving into this place of prisoners being dragged along the roads chained and manacled on their arms and also being hauled like bears along the road probably for their trial. I do not know, Sir, if the Honourable the Home Member will not introduce a measure by which this abominable practice will be done away with of human beings being dragged in chains along the street.

**The Honourable Sir Alexander Muddiman:** Sir, I am not prepared to reply off-hand to that. I have, of course, seen men in handcuffs being taken along but that is the usual method for dealing with prisoners in all

countries. However, if the Honourable Member will come and have a talk with me, I will see what can be done.

**Mr. President:** The question is:

"That the amendment made by the Council of State in the Bill to amend the Prisons Act, 1894, be taken into consideration."

The motion was adopted.

**Mr. President:** Amendment made by the Council of State in the Bill to amend the Prisons Act, 1894, as passed by the Legislative Assembly:

"In sub-clause (d) of clause 2 of the Bill, after the word 'and' the following words were added:

'the words 'as defined in clause (11) shall be omitted; and'."

The question I have to put is:

"That this House does agree with the Council of State in the amendment."

The motion was adopted.

### THE INDIAN STAMP (AMENDMENT) BILL.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I introduce the Bill further to amend the Indian Stamp Act, 1899, which has been already printed in the Gazette and circulated.

**The Honourable Sir Basil Blackett:** Sir, I move that the Bill further to amend the Indian Stamp Act, 1899, be taken into consideration.

The Statement of Objects and Reasons explains fully and amply the purpose of this Bill and I do not think that I am called upon at the moment to attempt to add anything to it.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**The Honourable Sir Basil Blackett:** Sir, I move that the Bill be passed.

The motion was adopted.

### THE INDIAN INCOME-TAX (SECOND AMENDMENT) BILL.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I move that the Bill further to amend the Indian Income-tax Act, 1922, be taken into consideration.

**Diwan Bahadur T. Rangachariar:** Sir, may I take advantage of this opportunity which the Honourable the Finance Member has given to this Assembly of suggesting to him whether he does not consider it necessary that some provision should be made also for levying income-tax on securities held in England by those persons who escape the payment of income-tax in India simply because they are sterling loans. There is no reason why such a large volume of income-tax should be waived by us. No doubt they probably pay income-tax in England but that is a matter for adjustment between the two Governments. I think, Sir, we are surrendering a

[Diwan Bahadur T. Rangachariar.]

large source of revenue in this respect. I think that money is earned in our country and from our Government. The money is paid there and just as we take measures in this Bill to levy income-tax in England I think a similar measure might be introduced by the Honourable the Finance Member, and he will find the support of this Assembly for such a measure. Nearly two crores I think is surrendered by not subjecting that payment to income-tax.

**The Honourable Sir Basil Blackett:** I understand the Honourable Member is speaking of sterling securities of the Government of India issued in England. He has raised, as he is no doubt aware, a very large question. It is, of course, one of the terms of contract of the issue of Government of India sterling loans in England that they are not liable to Indian income-tax. It is the usual provision in sterling loans issued by foreign borrowers or dominion borrowers in the United Kingdom or in any case where one country borrows in the domain of another. It is ultimately a matter of weighing the balance of advantage whether you are willing to include a provision of that sort in your contract with the borrower or not. The whole matter has recently been examined at very great length by the Finance Committee of the League of Nations, in which I happen to have taken part at one time, and the ultimate conclusion that was reached during the time that I was concerned with the matter was this that if you as a borrowing country insist on collecting income-tax on the interest which you pay to a foreign creditor, you will have of course to pay higher rates of interest for all your borrowings and in the end a borrowing country is likely to get better conditions from foreign creditors if it allows those foreign creditors complete exemption from liability to its internal income-tax than if it makes the payment subject to income-tax and then takes back the income-tax. However, I do not think this is strictly germane to this Bill and my interest in this subject has misled me unintentionally into following the Deputy President and getting out of order.

**Mr. President:** The question is that the Bill further to amend the Indian Income-tax Act, 1922, be taken into consideration.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**The Honourable Sir Basil Blackett:** Sir, before I move that the Bill be passed, I should like to correct one statement that may possibly have been unintentionally incorrect. I said that it was one of the terms of contract with our foreign creditors that income-tax is not collected. I should have said an implied term of contract, which we have of course always observed. I did not intend to be misleading.

I move, Sir, that the Bill be passed.

The motion was adopted.

**Mr. President:** I observe that Mr. Bhore is not in his place.

**The Honourable Sir Alexander Muddiman:** Sir, the Government do not desire to proceed further with the business to-day.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 19th March, 1925.